



DIRECTORATE GENERAL OF HYDROCARBONS
(Ministry of Petroleum & Natural Gas, Government of India)

Tender No. DGH/MM/Audit/072/2013-14/ENQ-126
Engagement of Auditors for audit of accounts under Production Sharing Contract and CBM

Directorate General of Hydrocarbons (DGH), invites sealed tenders under single bid system for engagement of auditors for audit of accounts of Exploration Blocks & producing Fields / Blocks under Production Sharing Contracts (PSCs) / CBM for the year 2011-12 and 2012-13, as under:

Tender No. **DGH/MM/Audit/072/2013-14/ENQ-126**

Bids are invited from qualified firms of Chartered Accountants registered in India and having adequate experience of audit of PSC/ CBM Blocks of exploration and production companies. For eligibility criteria, please see Annexure B of the tender documents.

The tender document containing eligibility criteria, scope of work, terms and conditions and other details can be purchased against a written application to HOD (MM), Directorate General of Hydrocarbons, OIDB Bhawan, Plot No.2, Sector-73, NOIDA-201301 (Tel. 0120-247 2000. Fax No.: 0120 247 2049) up to **12.3.2014** on payment of Rs. 500/- through crossed demand draft in-favor of Directorate General of Hydrocarbons, payable at New Delhi. However, DGH will not be responsible for the loss of tender form or for the delay in postal transit. Tender document downloaded from DGH website can also be submitted before due date along with demand draft for Rs. 500/- drawn in favor of DGH payable at Delhi. Without deposit of tender fee, tender form downloaded from website will not be acceptable.

a) Bid Closing Date & Time: 13th March 2013 at 14-00 hrs.(IST)

b) Bid Opening date & time: 13th March 2013 at 15-00 hrs.(IST)

DGH reserves the right to reject any offer or to drop any block from award of audit work without assigning any reason. Purchased tender documents are not transferable.

For full details please visit DGH website <http://www.dghindia.org/> or <http://eprocure.gov.in/cppp/>.

Enquiry No: **DGH/MM/Audit/072/2013-14/ENQ-126**

Bid Closing Date 13.03.2014 at 14.00 hrs.

Bid Opening Date 13.03.2014 at 15.00 hrs.

Sub: Engagement of Auditors for audit of accounts of Exploration Blocks / producing Field/blocks on behalf of Government of India under PSC/ CBM for the year 2011-12 and 2012-13.

Dear Sir,

Directorate General of Hydrocarbons (DGH) under Ministry of Petroleum and Natural Gas invites sealed tenders in duplicate for hiring of qualified firms of Chartered Accountants registered in India **for comprehensive audit of Accounts of PSCs / CBMs** as stated in the Scope of work.

1. The scope of work required is as per **Annexure - A.**
2. Eligibility / rejection criteria of Bidders are as per **Annexure – B.**
3. Bid is to be submitted in a sealed cover for providing the services of Audit as per the price format enclosed as **Annexure - C.**
4. Information about the Exploration /Production Blocks, CBM Block offered for Audit, the periods of audit due and investment/expenditure in the Block are given in **Annexure – D.**
5. All other terms and conditions are attached as per **Annexure – E.**
6. Single bid system will be followed in this tender. Bid should be submitted in sealed envelopes along with the required Documents of Eligibility, Tender Fee, Bid Security and any other required documents as detailed in tender document.
7. Please send your quotation in sealed envelope, super-scribed with the above-mentioned Enquiry No. and closing date so as to reach this office on due date and time as mentioned above to **Materials Management Department, Directorate General of Hydrocarbons, OIDB Bhawan, Plot No. 2, Sector-73, Noida-201301, India.**
8. Any quotation received after bid closing date and time will not be considered.
9. E-mail /fax/photocopy of the offer will not be considered.
10. No Increase in price after bid opening shall be entertained.
11. Incomplete bids would be summarily rejected.
12. **The audit firm should certify that ‘There is no conflict of interest in accordance with the revised Guidance Note on Independence of Auditors issued by the council of The Institute of Chartered Accountants of India in undertaking the audit of each Block / Field. Bids without this certificate will be rejected.**
13. DGH reserves the right to reject any bid or drop any block /field from award of audit work without assigning any reason.
14. Purchased tender documents are not transferable.

15. **The bid should be valid for a period of 120 days from closing date.**

16. Bid security(Earnest Money Deposit or EMD) of Rs. 20,000.00/- (Rupees Twenty thousand only) in the form of Bank Draft or Bank Guarantee(as per enclosed format – **Annexure - F**), is to be deposited along with bid which should be valid for a period of 150 days from the bid closing date.

17. Bids without Tender Fee, in case of downloaded tender documents, would be rejected.

18. Bids without EMD would be rejected except as defined in clause 16.

19. Security Deposit (Performance Bank Guarantee): successful bidder will have to pay security deposit in the form of bank draft or Bank Guarantee (format of Bank Guarantee enclosed – **Annexure - G**) @ 7.5% of the total value of the contract valid for 6 months and to be extended further up to three months of completion of audit process in cases of delays in completion of audit process, Security Deposit will be refunded / returned after the completion of the audit process and settlement of the bills.

20. DGH reserves the right not to award more than 20 blocks (Twenty) blocks/ Fields to a particular firm of chartered accountant even if they have quoted the lowest fees and they otherwise qualify the tender conditions. However in deserving cases DGH, if required, may increase the number based on size of firm/ number of partners. Please refer bid evaluation criteria for further details.

21. Bidders can bid for any number of blocks as per the enclosed list. However, it would be at the discretion of the DGH to decide how many blocks need to be awarded to a bidder, based on the volume of work and the size and quality of audit firm.

22. Successful/Qualified bidders will be intimated \after complete evaluation of the bids

Yours faithfully,

Dr. R.K. Dixit
CM (MM)

Enclosures: Annexure- A, B, C, D, E, F & G

Scope of audit of PSCs

- (a) Audit shall be performed in accordance with Generally Accepted Audit Standards issued by ICAI (updated from time to time) and in particular covering the following areas:
- (i) Planning the work;
 - (ii) Obtaining audit evidence through performance of compliance and substantive procedures;
 - (iii) Evaluating the adequacy of the accounting system to reasonably assure that all accounting information is recorded and in compliance with accounting as per respective PSC;
 - (iv) Studying and assessing the operation of internal controls to arrive at the conclusion that the internal control system could be relied upon, and
 - (v) Review the financial statements

Auditor should indicate any material weaknesses observed in the system of internal control and the impact of change in the accounting policy, if any.

- (b) The Production Sharing Contract will be a source of criteria to be used in the audit. Auditors have to review and report:
1. Whether contractor is maintaining proper books of accounts for all its transactions pertaining to the PSCs and reports of production statement, value of production & pricing statement etc. as required under section 4 to 12 of Accounting Procedure of PSC.
 2.
 - (a) Whether all Expenditures and Incomes have been accounted for accurately, as per PSC.
 - (b) Whether validation of quantity of hydrocarbons produced and saved, sales and income has been done on accrual basis or not.
 - (c) Whether the methods of measurement of petroleum used by the contractor were approved by the management committee and whether material balancing of the quantity of petroleum has been reconciled.
 - (d) Whether investment multiple and profit petroleum to GOI has been calculated as per the provisions laid down in the PSC and is correct.
 - (e) Whether significant accounting policies adopted by contractor are in accordance with the requirements of PSC such as for foreign currency translation, fixed assets, inventories, etc.
 - (f) Issues of internal control, fixed assets and fraud as per CARO 2003

In case it is not so, the financial impact should be quantified against each and stated in audit exceptions.

3. Whether all costs and expenditures have been classified into proper heads of expenditures as defined in the PSC namely Exploration, Development and Production.

4. Audit Report and Statement of Audited Accounts

Auditor should validate inter-alia the following statements:

- a) Statement of sources & utilization of funds along with its various schedules (Format-1)
 - b) Value of petroleum produced and sold including the government's share of profit petroleum and sales schedule.
 - c) Valuation of petroleum as per PSC for crude oil/natural gas and condensate and financial impact in case of deviations.
 - d) Extent of allowable and recoverable costs as defined in section 3 of Accounting Procedures (format 2, 2A, 3 & 4)
 - e) Calculation of Profit petroleum, as per PSC (Format-5, 5A)
 - f) Calculation of Notional Income tax, Investment Multiple/PTRR as applicable, as per PSC.
5. Whether the cost petroleum and profit petroleum taken by the contractor was in accordance with the allocation done by the management committee and whether the cost petroleum is within the maximum limits stipulated in PSC under Article "Recovery of Cost Petroleum"
6. Whether the "Notional tax" considered by contractor while calculating the "Investment Multiple" / "PTRR" has been accurately determined as per Income Tax Act. If not, notional tax liability and investment multiple / PTRR and impact on profit petroleum have to be worked out and stated in the audit exception.
7. Auditor may check whether all the conditions in regard to all the Essentiality certificates issued for imports at concessional / nil rates of Customs Duty were being fulfilled.
8. Whether the Joint venture is properly following the procedures as laid down in Joint Operating Agreement and PSC with regard to procurement of materials and services. If not, deviations should be detailed.
9. Whether there are cases of procurement from affiliates and others, other than at arm's length.
10. Whether the contractor has claimed cost recovery of items still lying in store/inventory and not consumed.
11. Whether the contractor has accounted expenditure prohibited under section 3.2 of Accounting Procedure of PSC.
12. Whether Royalty, Cess, License Fee, Profit Petroleum, and other statutory payments have been correctly determined and timely paid to the Government in line with ORD Act, P&NG Rules, OIDB Act and PSC wherever applicable. If not, correct liabilities shall be stated by auditors. Auditors to certify the month wise / year wise payment of Royalty, Cess amount etc. for crude oil, Natural gas and / or condensate separately. The certified statement should show the amount of Royalty, Cess etc. payable as per PSC, actual amount paid to the concerned authorities and excess / shortfall amount of Royalty, Cess etc.

13. Whether all assets (movable/ immovable) and inventory have been properly recorded, accounted for, maintained, reconciled and verified at reasonable intervals and if any discrepancy found the same has been corrected. If not details to be provided.
14. Whether the Overheads charged by the JV are reasonable, verifiable and devoid of any duplication, as per provisions of PSC. If not, details of deviations shall be indicated by the auditors along with recommendation.
15. Whether the actual expenditure incurred by contractor is in pursuance to an approved/ reviewed work programme and budget by MC (as the case may be as per provisions of PSC), and whether in the process of charging such costs to Cost Petroleum, the specific stipulations/points raised by the MC (if any) in regard to Budget have been taken care of. If not, details shall be provided by the auditors with recommendation.
16. (a) Whether contractor has carried out the satisfactory adjustment of observations raised by the Auditors appointed by the operator with approval of MC in the past.

(b) Compliance on satisfactory adjustment of past audit exceptions of audit reports of auditors appointed by Govt. / DGH by the operator as directed by MOP&NG /DGH may be indicated by the audit firm by giving definite recommendations for either dropping the exception or pursuing it further.
17. Whether the salary & compensation in respect of nationals and expatriate manpower has been charged to Cost Petroleum as per contractor's standard personnel policy, as per provisions of PSC. If not, deviations should be detailed by auditors. Auditors should also suggest if any avoidable cost required adjustment due to such deviations.
18. Whether contractor has created and funded Site Restoration Fund as per provisions of PSC and Govt. Site Restoration Fund Scheme 1999. Auditors should comment regarding adequacy of SRF as required in PSC & Schemes.
19. Whether the contractor during the term of the contract, maintained and obtained insurance coverage for and in relation to petroleum operation for such amount and against such risks as are customarily or prudently insured in the international petroleum industry. Whether the premium paid for joint insurance policies has been duly segregated and only premium which was related to the specific PSC is accounted as contract cost.
20. Whether contractor has included the name of GOI as co-insured in all its' insurance policies and whether waiver of subrogation against GOI has been taken in all such policies.
21. Whether, in the case of transfer of material from one block/ field to another block/ field, DGH's prior approval has been obtained and whether the conditions stated by

DGH in the permission of such transfer, have been fulfilled /adhered to. Auditors should also verify the transfers of costs of items & services transferred to / from the concerned blocks / operators.

22. Whether the contractor submitted the bank guarantees/performance guarantees as per provision of PSC.
23. Whether annual audit of accounts was carried out on behalf of the contractor by an independent firm of chartered accountants whose appointment was approved by the Management Committee.

Auditor should not express merely opinion but should also give definite recommendations on all audit exceptions. In the absence of such definite recommendations the report would be considered incomplete.

Audit observations/exceptions finalized by auditors having financial implications should be quantified. Final exceptions will be drawn for communicating the Contractor in line with PSC provisions.

In addition to above audit report should categorically include following points specifically wherever applicable:

Scope of Audit for conducting Audit of PSCs

Table -1

Major Heads for Auditing		CAG Provided Check List for Auditing	Comparable item in GOI scope of audit
Accounting Procedure	1	Whether the Contractor made the following regular statements relating to the Petroleum Operations in the format prescribed (if any): (i) Production Statement (ii) Value of Production and Pricing Statement (iii) Statement of Costs, Expenditures and Income (iv) Cost Recovery Statement (v) Profit Sharing Statement (vi) Local Procurement Statement (vii) End of Year Statement (viii) Budget Statement.	<p>Whether contractor is maintaining proper books of accounts for all its transactions pertaining to the PSCs and reports of production statement, value of production & pricing statement etc as required under section 4 to 12 of Accounting Procedure of PSC.</p> <p>Whether all costs and expenditures have been classified into proper heads of expenditures as defined in the PSC namely Exploration, Development and Production</p> <p>The Production Sharing Contract will be a source of criteria to be used in the audit. Auditors have to review:</p> <p style="margin-left: 40px;">a. Issues of internal control, fixed assets and fraud as per CARO 2003</p>
Work Program	6	Whether the Annual Work Programme & Budgets were	Whether the actual expenditure incurred by contractor is in pursuance to an approved/

me and Budget		submitted as per PSC timelines?	<p>reviewed work programme and budget by MC (as the case may be as per provisions of PSC), and whether in the process of charging such costs to Cost Petroleum, the specific stipulations/points raised by the MC (if any) in regard to Budget have been taken care of. If not, details shall be provided by the auditors with recommendation.</p> <p>The Production Sharing Contract will be a source of criteria to be used in the audit. Auditors have to review:</p> <p>Issues of internal control, fixed assets and fraud as per CARO 2003</p>
Measurement of Petroleum	18	Whether the methods and appliances generally accepted and customarily used in modern oilfield and petroleum industry practices for measurement of petroleum were approved by the Management Committee and the Government?	<p>Whether the methods of measurement of petroleum used by the contractor were approved by the management committee and whether material balancing of the quantity of petroleum has been reconciled.</p> <p>The Production Sharing Contract will be a source of criteria to be used in the audit. Auditors have to review:</p> <p>Issues of internal control, fixed assets and fraud as per CARO 2003</p>
Recovery of Cost Petroleum	24	Whether the Contractor recovered the Contract Costs out of a percentage of the total value of Petroleum produced and saved from the Contract Area in the Year in accordance with the provisions of the PSC Article relating to recovery of Cost Petroleum?	<p>Whether the cost petroleum and profit petroleum taken by the contractor was in accordance with the allocation done by the management committee and whether the cost petroleum is within the maximum limits stipulated in PSC under Article “ Recovery of Cost Petroleum’</p> <p>Whether significant accounting policies adopted by contractor are in accordance with the requirements of PSC such as for foreign currency translation, fixed assets, inventories, etc.</p> <p>Whether the Overheads charged by the JV are reasonable, verifiable and devoid of any duplication, as per provisions of PSC. If not, details of deviations shall be indicated by the auditors along with recommendation.</p> <p>The Production Sharing Contract will be a source of criteria to be used in the audit. Auditors have to review:</p> <p>a. Issues of internal control, fixed assets</p>

			<p>and fraud as per CARO 2003</p> <p>Auditor should validate inter-alia the following statements:</p> <ul style="list-style-type: none"> a) Statement of sources & utilization of funds along with its various schedules(Formate-1) b) Value of petroleum produced and sold including the government's share of profit petroleum and sales schedule. c) Valuation of petroleum as per PSC for crude oil/natural gas and condensate and financial impact in case of deviations. d) Extent of allowable and recoverable costs as defined in section 3 of Accounting Procedures (format 2, 2A, 3 &4) e) Calculation of Profit petroleum, as per PSC (Formate-5,5A) f) Calculation of Notional Income tax, Investment Multiple/PTRR as applicable, as per PSC. <p>Whether the "Notional tax" considered by contractor while calculating the "Investment Multiple" / "PTRR" has been accurately determined as per Income Tax Act and PSC provisions. If not, notional tax liability and investment multiple / PTRR and impact on profit petroleum have to be worked out and stated in the audit exception.</p>
Domestic Supply, Sale, Disposal and Export of Crude Oil and Condensate	25	Whether contractor followed the PSC provisions concerning supply, sale, disposal of crude oil, condensate and natural gas?	<p>Auditor should validate inter-alia the following statements:</p> <ul style="list-style-type: none"> a) Statement of sources & utilization of funds along with its various schedules(Formate-1)
	26	Whether the agreement for sale of oil and gas had been entered into by the JV with the buyer as per the terms of the PSC? If not, the reasons for the delays may be brought out in audit exceptions	<ul style="list-style-type: none"> b) Value of petroleum produced and sold including the government's share of profit petroleum and sales schedule. c) Valuation of petroleum as per PSC for crude oil/natural gas and condensate and financial impact in case of deviations.
Valuation of Petroleum	27	Whether the value of crude oil, condensate and natural gas was based on the price determined as per PSC Provisions? If not, the reasons and the impact of the same & n the Government take, if any. should be quantified and stated in audit exceptions	<p>Valuation of petroleum as per PSC for crude oil/natural gas and condensate and financial impact in case of deviations.</p> <p>The Production Sharing Contract will be a source of criteria to be used in the audit. Auditors have to review:</p>

			<p>a. Issues of internal control, fixed assets and fraud as per CARO 2003</p> <p>Auditor should validate inter-alia the following statements:</p> <ol style="list-style-type: none"> Statement of sources & utilization of funds along with its various schedules(Format-1) Value of petroleum produced and sold including the government's share of profit petroleum and sales schedule. Valuation of petroleum as per PSC for crude oil/natural gas and condensate and financial impact in case of deviations. Extent of allowable and recoverable costs as defined in section 3 of Accounting Procedures (format 2, 2A, 3 &4) Calculation of Profit petroleum, as per PSC (Format-5,5A) Calculation of Notional Income tax, Investment Multiple/PTRR as applicable, as per PSC. <p>Whether the "Notional tax" considered by contractor while calculating the "Investment Multiple" / "PTRR" has been accurately determined as per Income Tax Act and PSC provisions. If not, notional tax liability and investment multiple / PTRR and impact on profit petroleum have to be worked out and stated in the audit exception.</p>
Insurance and Indemnification	28	Whether the Contractor during the term of the Contract, maintained and obtained insurance coverage for and in relation to Petroleum Operations for such amounts and against such risks as are customarily or prudently insured in the international petroleum industry in accordance with modern oilfield and petroleum industry practices?	Whether the contractor during the term of the contract, maintained and obtained insurance coverage for and in relation to petroleum operation for such amount and against such risks as are customarily or prudently insured in the international petroleum industry. Whether the premium paid for joint insurance policies has been duly segregated and only premium which was related to the specific PSC is accounted as contract cost.
	29	Whether the premium paid for insurance policy taken jointly for the JV and non-JV activities has been segregated and only the premium which was related to JV activities has been booked in JVs accounts? If not, the financial impact of the premium paid on	Whether contractor has included the name of GOI as co-insured in all its' insurance policies and whether waiver of subrogation against GOI has been taken in all such policies

		non-JV activities should be quantified and stated in the audit exceptions.	
	30	Whether, the premium paid by the JV Partners for offshore package policy included any adjustments to be carried out (such as changes in meterage of wells drilled etc.), as per the package- policy? If the adjustments as per the package policy were not carried out by the JV, the same should be quantified and stated in audit exceptions.	Whether the contractor during the term of the contract, maintained and obtained insurance coverage for and in relation to petroleum operation for such amount and against such risks as are customarily or prudently insured in the international petroleum industry. Whether the premium paid for joint insurance policies has been duly segregated and only premium which was related to the specific PSC is accounted as contract cost.
Records, Accounts and Audit	32	Whether the annual audit of accounts was carried out on 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?	Whether annual audit of accounts was carried out on behalf of the contractor by an independent firm of chartered accountants whose appointment was approved by the Management Committee.
	33	Whether the appointment of auditor and the scope of audit had the prior approval of the Management Committee?	
	34	Whether the contractor submitted (the audited accounts to the Management Committee for approval within the prescribed timeline?	Whether contractor is maintaining proper books of accounts for all its transactions pertaining to the PSCs and reports of production statement, value of production & pricing statement etc as required under section 4 to 12 of Accounting Procedure of PSC.
	35	Whether the Management Committee considered and approved the auditor's report as per the timelines?	
	36	Whether the records/reports, as required to be submitted to DGH by the contractor as per the terms of the PSC, were submitted by him in respect of JV operations?	Whether contractor is maintaining proper books of accounts for all its transactions pertaining to the PSCs and reports of production statement, value of production & pricing statement etc as required under section 4 to 12 of Accounting Procedure of PSC.
Guarantees	39	Whether the contractor submitted the bank guarantee, performance guarantee and the legal opinion as per the PSC provisions? The deviations/ noncompliance, if any, should be stated in the audit	Whether the contractor submitted the bank guarantees/performance guarantees as per provision of PSC.

		exceptions	
Arms Length Transactions	40	Whether all transactions giving rise to revenues, costs or expenditures which were credited or charged to the accounts, were prepared, maintained or submitted at arm's length?	<p>Whether contractor is maintaining proper books of accounts for all its transactions pertaining to the PSCs</p> <p>Whether there are cases of procurement from affiliates and others, other than at arm's length.</p> <p>The Production Sharing Contract will be a source of criteria to be used in the audit. Auditors have to review:</p> <p>Issues of internal control, fixed assets and fraud as per CARO 2003</p>
Assets and inventory	41	Whether the equipment and assets no longer required for petroleum operations during the term of the contract were sold, exchanged or otherwise disposed of by the contractor, and the proceeds of sale were credited to petroleum operations as provided in the PSC?	Whether all assets (movable/ immovable) and inventory have been properly recorded, accounted for, maintained, reconciled and verified at reasonable intervals and if any discrepancy found the same has been corrected. If not details to be provided.
	42	Whether the contractor has claimed cost recovery of items still lying in store/inventory and not consumed?	Whether the Contractor has claimed cost recovery of items still lying in store / inventory and not consumed.
	43	Whether there was any difference between the drilling inventory as per inventory records (computerized or manual records) and the trial balance? The impact of difference, if any, may be quantified and stated in the audit exceptions.	Whether all assets (movable/ immovable) and inventory have been properly recorded, accounted for, maintained, reconciled and verified at reasonable intervals and if any discrepancy found the same has been corrected. If not details to be provided.
	44	Whether the separable inventory had been disposed off in time by the JV? If not so, the impact of the same on inventory carrying cost as well as on the GOI take should be quantified and stated in the audit exceptions.	

Cost recovery	45	Whether the; contractor has claimed-cost recovery of expenditure incurred on exploration activities (a) after expiry of exploration phase (b) carried out in the relinquished area (c) not approved by the MC?	Whether the actual expenditure incurred by contractor is in pursuance to an approved/ reviewed work programme and budget by MC (as the case may be as per provisions of PSC), and whether in the process of charging such costs to Cost Petroleum, the specific stipulations/points raised by the MC (if any) in regard to Budget have been taken care of. If not, details shall be provided by the auditors with recommendation.
	46	Whether the cost recovery limit as stipulated in the PSC had been adhered to by the JV? If not so, the Excess cost recovery made by the JV and its impact on the GOI take should be quantified and stated in the audit exceptions.	Whether the cost petroleum and profit petroleum taken by the contractor was in accordance with the allocation done by the management committee and whether the cost petroleum is within the maximum limits stipulated in PSC under Article “ Recovery of Cost Petroleum’
	47	Whether the time spent by the expatriates and support staff for non-JV activities has been allocated to PSC activities by the JV? The financial impact in case of incorrect allocation should be quantified and stated in audit exceptions.	Whether the salary & compensation in respect of nationals and expatriate manpower has been charged to Cost Petroleum as per contractor’s standard personnel policy, as per provisions of PSC. If not, deviations should be detailed by auditors. Auditors should also suggest if any avoidable cost required adjustment due to such deviations.
	48	Whether the costs and expenses not allowable as per the PSC have been recovered by the contractor?	Whether the contractor has accounted expenditure prohibited under section 3.2 of Accounting Procedure of PSC.
Incidental Income and Credits	49	Whether all incidental income and proceeds received from Petroleum Operations under the Contract were credited to the accounts under the Contract and were taken into account for cost recovery, and Profit Petroleum sharing purposes in the manner described in Articles 15 and 16 of the Contract?	Evaluating the adequacy of the accounting system to reasonably assure that all accounting information is recorded; Whether all Expenditures and Incomes have been accounted for accurately, as per PSC.
Currency Exchange Rates	50	Whether, 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, costs, expenditure, receipts or income are recorded, was used	Whether significant accounting policies adopted by contractor are in accordance with the requirements of PSC such as for foreign currency translation, fixed assets, inventories, et

Procurements	51	Whether contracts were awarded on Nomination or single bid basis?	Whether contractor is maintaining proper books of accounts for all its transactions pertaining to the PSCs
	52	Was there lack of adequate competition - award of contract on single financial bids?	Whether the Joint Venture is properly following the procedures as laid down in JOA and PSC with regard to procurement of materials and services. If not, deviations should be detailed.
	53	Were there major revisions in scope/ quantities/ specifications post-price bid opening?	Whether there are cases of procurement from affiliates and others, other than at arm's length.
	54	Were there substantial variation orders after award of contract?	The Production Sharing Contract will be a source of criteria to be used in the audit. Auditors have to review:
	55	Whether the contracts were awarded without assessing reasonability of rates?	Issues of internal control, fixed assets and fraud as per CARO 2003
	56	Whether the Contracts were extended beyond contractual provisions? If yes, whether the extension of contract beyond contractual provisions was approved by the Competent Authority / Operating Committee/Management Committee?	
	57	Whether extension of contract was truly justified in terms of operational requirements?	
	58	Whether' economies of scale in terms of reduction in rates were factored while seeking extension of contracts?	
	59	In case of repeated extensions of contract, whether extension was used as a tool to award contracts on nomination basis?	
	60	Whether the payments made by the JV to the contractors for providing services/materials etc to the JV were as per the terms of the contract between the JV and the contractor? If not, the impact of the same should be quantified and stated in the audit exceptions	

Well-head price	<p>61 The MoPNG in August 2007 notified the norms to determine wellhead price of gas for the purpose of royalty. As per the notification, per unit of post wellhead cost was to be determined based on the actual post wellhead expenditure reported in the previous years audited accounts. Further, oil industry development cess, depreciation expenses, income tax, surcharge thereon, education cess and profit petroleum were not to be allowed as post wellhead costs.</p> <p>Whether the JV was calculating the post wellhead costs as per the above notification and further clarifications' issued by the MoPNG?</p> <p>The deficiencies in calculation of wellhead value in contravention to the MoPNG's notifications along with the impact of the same on Government take need to be quantified and stated in audit exceptions</p>	<p>Whether Royalty, Cess, PLP (CBM), License Fee, Profit Petroleum and other statutory payments have been correctly determined and timely paid to the Government in line with ORD Act, P&NG Rules, OIBD Act and PSC wherever applicable. If not, correct liabilities shall be stated by auditors. Auditors to certify the month-wise / year-wise payment of Royalty, Cess amount etc. for crude oil, Natural gas and / or condensate separately. The certified statement should show the amount of Royalty, Cess etc. payable as per PSC, actual amount paid to the concerned authorities and excess / shortfall amount of Royalty, Cess etc.</p>
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Scope of audit of CBM Blocks

- (a) Audit should be performed in accordance with Generally Accepted Audit Standards issued by ICAI and updated from time to time by them and in particular covering the following areas:
- (i) Planning the work;
 - (ii) Obtaining audit evidence through performance of compliance and substantive procedures;
 - (iii) Evaluating the adequacy of the accounting system to reasonably assure that all accounting information is recorded;
 - (iv) Studying and assessing the operation of internal controls to arrive at the conclusion that the internal control system could be relied upon, and
 - (v) Review the financial statements

Auditor should indicate any material weaknesses observed in the system of internal control and the impact of change in the accounting policy, if any.

- (b) The CBM Contract will be a source of criteria to be used in the audit. Auditors have to review:
1. Whether contractor is preparing Royalty and PLP Statements pertaining to the CBM contract as required under section 7 of Accounting Procedure of Contract.
 2.
 - (a) Whether the contractor has done the valuation of CBM and obtained necessary GOI approval for pricing in accordance with the provisions of Article 18 of the contract.
 - (b) Whether validation of quantity of hydrocarbons produced and saved, sales and income has been done on accrual basis or not.
 - (c) Whether the methods of measurement of CBM were approved by the Govt.
 - (d) Whether measurement scheme correctly support computation of royalty and PLP.
 - (e) Issues of internal control, fixed assets and fraud as per CARO 2003

In case it is not so, the financial impact should be quantified against each and stated in audit exceptions.

3. Audit Report and Statement of Audited Accounts

Auditor should validate inter-alia the following statements:

- a) Computation of royalty, PLP & License Fees.
- b) Reconciliation between quantities of CBM produced and sold.
- c) Payment of Commercial Bonus
- d) Payment of LD, cost of unfinished work programme & up interest thereon.

4. Auditor may check whether all the conditions in regard to all the Essentiality certificates issued for imports at concessional rates of Customs Duty were being fulfilled.
5. Whether Royalty, PLP, License Fee and other statutory payments have been correctly determined and timely paid to the Government in line with ORD Act, P&NG Rules, OIBD Act and CBM Contract wherever applicable. If not, correct liabilities shall be stated by auditors. Auditors to certify the month-wise / year-wise payment of Royalty & PLP. The certified statement should show the amount of Royalty & PLP actually paid to the concerned authorities and excess / shortfall amount of Royalty, & PLP if any.
6. Whether all assets (movable/ immovable) including those sold / exchanged / discarded have been properly recorded, accounted for, maintained, reconciled and verified at reasonable intervals and, if any discrepancy, found the same has been corrected. If not details to be provided. Whether proceeds from sale of assets have been correctly accounted for.
7. (a) Whether contractor has carried out the satisfactory adjustment of observations raised by the Auditors appointed by the operator with approval of Steering Committee (SC) in the past.

(b) Compliance on satisfactory adjustment of past audit exceptions of audit reports of auditors appointed by Govt. / DGH by the operator as directed by MOP&NG / DGH may be indicated by the audit firm by giving definite recommendations for either dropping the exception or pursuing it further.
8. Whether contractor has created and funded Site Restoration Fund as per provisions of CBM and Govt. Site Restoration Fund Scheme 1999. Auditors should comment regarding adequacy of SRF as required in CBM & SRF Scheme.
9. Whether the contractor during the term of the contract, maintained and obtained insurance coverage for and in relation to petroleum operation for such amount and against such risks as are customarily or prudently insured in the international petroleum industry.
10. Whether contractor has included the name of GOI as co-insured in all its' insurance policies and whether waiver of subrogation against GOI has been taken in all such policies.
11. Whether, in the case of transfer of material from one block/ field to another block/ field, DGH's prior approval has been obtained and whether the conditions stated by DGH in the permission of such transfer, have been fulfilled /adhered to. Auditors should also verify the transfers of costs of items & services transferred to / from the concerned blocks / operators.
12. Whether the contractor submitted the bank guarantees/ performance guarantees as per provision of CBM contract.
13. Whether contractor has paid Commercial Bonus as the requirement of Article 15 of the CBM requirement.

14. Whether annual audit of accounts was carried out on behalf of the contractor by an independent firm of chartered accountants whose appointment was approved by the Steering Committee.

In addition to above, audit report should categorically include points specifically given in the table - 1 in the scope of audit wherever applicable.

Auditor should not express merely opinion but should also give definite recommendations on all audit exceptions. In the absence of such definite recommendations the report would be considered incomplete.

Audit observations/exceptions finalized by auditors having financial implications should be quantified. Final exceptions will be drawn for communicating the Contractor in line with PSC provisions.

Annexure B

Annexure – B (i)

Eligibility Criteria of Bidders for participation.

- (1) Audit firm must be registered in India and in continuous profession for the 10 years.
- (2) The audit firm must have minimum experience two audit of E&P companies which may be two independent audit in one year or two audit in different years in one or more of the following kind:
 - Statutory Audit of companies who have E&P Operation or E&P Operation under PSC &/or CBM.
 - MC appointed audit of PSC & CBM.
 - Internal Audit of companies who have E&P operation or E&P Operation under PSC &/or CBM.
- (3) The audit firm should have
 - At least 6 CAs, out of which 5 should be partners with certificate of practice.
 - At least one partner should have association with the firm for 10 years or more,
 - 3 partners should have association for more than 5 years.
 - The firm should be in existence for 10 years or more.
- (4) **Audit firm should declare that they have no conflict of interest. Specifically audit of the Company / Block as statutory auditor, internal auditor and / or MC appointed auditor for the years 2011-12 and / or 2012-13 will be regarded as conflict of interest.**
- (5) The audit firm should not have been debarred by any regulatory authorities viz. SEBI / RBI / ICAI etc.

Documentary evidence for Eligibility

Bidders to provide documentary evidence to confirm the eligibility criteria.

BID REJECTION CRITERIA (BRC) / BID EVALUATION CRITERIA (BEC)

BID REJECTION CRITERIA (BRC):

The bid shall conform generally to all the scope of work and terms and conditions given in this bid document. Bids shall be rejected in case the services offered do not conform to required parameters stipulated in the scope of work/technical specifications. Notwithstanding the general conformity of the bids to the stipulated specifications, the following requirements will have to be particularly met by the Bidders without which the same will be considered as non-responsive and rejected.

1.0 TECHNICAL: The bidder must meet the following rejection criteria:-

1.1 Audit firm must be registered in India and in continuous profession for the 10 years.

1.2 The audit firm must have minimum experience two audit of E&P companies which may be two independent audit in one year or two audit in different years in one or more of the following kind:

1.2.1 Statutory Audit of companies who have E&P Operation or E&P Operation under PSC &/or CBM.

1.2.2 MC appointed audit of PSC & CBM.

1.2.3 Internal Audit of companies who have E&P operation or E&P Operation under PSC &/or CBM.

1.3 The audit firm should have

1.3.1 At least 6 CAs, out of which 5 should be partners with certificate of practice.

1.3.2 At least one partner should have association with the firm for 10 years or more,

1.3.3 Partners should have association for more than 5 years.

1.3.4 The firm should be in existence for 10 years or more.

1.4 Audit firm should declare that they have no conflict of interest. Specifically audit of the Company / Block as statutory auditor, internal auditor and / or MC appointed auditor for the years 2011-12 and / or 2012-13 will be regarded as conflict of interest.

1.5 The audit firm should not have been debarred by any regulatory authority viz. SEBI / RBI / ICAI etc.

2.0 DOCUMENTS:

- (a) Bidders must furnish documentary evidence along with their bid in support of fulfilling above requirement.
- (b) Organization Profile / number of working partners in India in the bidder's entity group (to be certified by the bidding entity group).
- (c) Self-declaration for point 1.4 and 1.5 given above.

3.0 COMMERCIAL

- 3.1 Bids shall be submitted under single bid system, i.e. Technical bid and Price bid together. The Techno-Commercial Bid shall comprise of all the components and annexures, failing which the bid will be liable for rejection.
- 3.2 Bidder shall offer firm prices. Price quoted by the successful bidder must remain firm during the execution of the contract and not subject to variation on any account.
- 3.4 Bid security shall be furnished as a part of the bid. The amount of bid security shall be as specified in the bid document. Any bid not accompanied by a proper bid security will be rejected.
- 3.5 Bids received after bid closing date and time will be rejected.
- 3.6 Any bid received in the form of Telefax/ e-mail/ Xerox /Photocopy and bids with Scanned signature will be rejected. Original bids should be signed manually failing which they shall be rejected.
- 3.7 Bids shall be typed or written in indelible ink and Original bid shall be signed by the bidder or his authorized representative on all pages failing which the bid may be liable for rejection.
- 3.8 Bids shall contain no interlineations, erasures or over writing except as necessary to correct errors made by bidders, in which case such corrections shall be initialed by the person(s) signing the bid. However, white fluid should not be used for making corrections. Any bid not meeting this requirement will be liable for rejection.
- 3.9 Any bid containing false statement will be rejected.
- 3.10 Bidders must quote clearly and strictly in accordance with the "Price Format and Evaluation Sheets" of bidding document; otherwise the bid will be summarily rejected.
- 3.11 Bidder must accept and comply with the following clauses as given in the Bid Document in toto failing which offer will be rejected –
 - (i) Performance Guarantee Bond Clause
 - (ii) Force Majeure Clause

- (iii) Arbitration Clause
- (iv) Acceptance of Jurisdiction and Applicable Law
- (v) Liquidated damage clause
- (vi) Indemnity Clause

4 GENERAL

- 4.1 In case bidder takes exception to any clause of bid document not covered under BEC/BRC, then the DGH has the discretion to load or reject the offer on account of such exception if the bidder does not withdraw/modify the deviation as and when advised by DGH. The loading so done by the DGH will be final and binding on the bidders.
- 4.2 To ascertain the substantial responsiveness of the bid the DGH reserves the right to ask the bidder for clarification in respect of clauses covered under BRC also and such clarifications fulfilling the BRC clauses in toto must be received on or before the deadline given by the DGH, failing which the offer will be summarily rejected.
- 4.3 If any of the clauses in the BRC contradict with other clauses of bid document elsewhere, then the clauses in the BRC shall prevail.

BID EVALUATION CRITERIA (BEC)

The bids will be evaluated on the basis/ parameters given below along with the quoted price.

- 1. Bids will be evaluated on the basis of individual PSC/ CBM blocks/ fields as given in the revised price format and blocks / fields.
- 2. The bidder who is quoting lowest fees for the particular block will be awarded block if the bidder is otherwise techno-commercially qualified.
- 3. One bidder normally will not be awarded more than 20 blocks /fields altogether even if the bidder is LI in more than 20 blocks. However, in case of less number of eligible bidders or the situation given in the point 4 and 5 below, DGH reserves the right to award the audit work for more than 20 blocks /fields to single bidder.
- 4. In a situation where any bidder is L1 for more than 20 blocks /fields, bidder will be awarded those 20 blocks /fields where the quoted fees of the bidder is highest. For remaining blocks /fields, LII bidder will be asked to match its fees with the LI fees for those blocks /fields, if LII bidder is not already getting approximately 20 blocks /fields. In case LII bidder is already getting 20 blocks /fields the opportunity to match the fees with LI will be given to LIII or LIV and so on till the time all the groups are not awarded.
- 5. In the situation of matching of fees being refused by any bidder who has been asked to match the fees with LI bidder's quoted fees, L1 bidder may be awarded extra blocks /fields keeping in view the size of the firm, no of partners.
- 6. The opportunity to match the fees with that of LI bidder, whenever given shall be given for one time only.

7. In case of tie within the LI bidders, a bidder who is having more experience as defined in the point no 1.2 of the bid rejection criteria of the tender document will be declared as LI and other offers will be ignored for the block / field. In case of tie between experience also, a bidder who is having more number of partners will be declared as LI and other offers will be ignored for the block / field.
8. Four blocks namely Panna-Mukta (appearing at Sl. No. 14 of the list of Blocks, Annexure D), Mid & south Tapti (appearing at Sl. No. 15 of the list of Blocks, Annexure D), RJ-ON-90/1 (appearing at Sl. No. 16 of the list of Blocks, Annexure D), and KG-DWN-98/3 (appearing at Sl. No. 17 of the list of Blocks, Annexure D), may not be at the discretion of DGH.
9. DGH reserves the right to take appropriate decision as deemed fit in case of any unforeseen situation.
10. DGH also reserves the right not to award some of the blocks to any bidder without assigning any reason.
11. DGH reserves the right to cancel the tender without assigning any reason.

PRICE FORMAT**1. Total amount to be paid**

Sr. No.	Audit Block Name	Total Lump-sum fees for 2011-12 & 2012-13 (Amount in Rupees)
1.		
2.		
3.and so on...		

2. Schedule of payment: 75% of total payment shall be released within 30 days from the date of submission of audit report pertaining to the two years. The remaining 25% of total payment will be released after finalization of audit exceptions.

3. TDS as per rules.

4. Amount quoted above is exclusive of Service Tax which would be paid extra, if applicable.

5. Certificate of "No Conflict of Interest" for the quoted block/blocks is attached.

NOTE:

1. Transport, if required, from onshore base to offshore platforms shall be arranged and borne by DGH. Transportation for site visit if any, for inspection of inventory / assets, shall be arranged by DGH.

2. For bid evaluation total of Lump sum fees for both the years including Travelling, Boarding & Lodging Expenses quoted (other than as mentioned in Note 1) for each block will be considered.

Authorised Person's Signature:_____

Name:_____

Designation:_____

Annexure D**7th Round of Audit – List of Blocks**

S. No.	NELP Round wise Blocks	Operator	Location (where books of Account are kept)	Revenue for the year		Contract cost of the year	
				2011-12	2012-13	2011-12	2012-13
				(US\$) mn	(US\$) mn	(US\$) mn	(US\$) mn
1	Ravva	Cairn Energy	Gurgaon	1245.00	1006.00	116.69	106.42
2	Hazira	Niko Resources	Baroda	45.86	30.13	15.90	10.60
3	Kharsang	Geo Enpro	Noida	74.91	79.16	41.93	39.81
4	Dholka	JTI	Ahmedabad	24.98	29.50	7.49	27.90
5	CB-OS/2	Cairn Energy	Gurgaon	231.53	186.69	30.06	87.09
6	CB-ONN-2000/2	Niko Resources	Baroda	6.57	2.65	2.54	2.05
7	PY-1	HOEC	Chennai	21.03	17.79	10.05	63.75
8	CB-ONN-2000/1	GSPC	Gandhi Nagar (Guj)	31.10	30.25	13.47	8.48
9	WAVEL	JTI	Ahmedabad	3.08	2.52	0.84	1.01
10	ASJOL	HOEC	Chennai	0.75	0.77	0.31	0.34
11	LOHAR	SELAN	Gurgaon	5.62	6.59	4.279	5.874
12	N. BALOL	HOEC	Chennai	0.00	1.20	0.35	0.75
13	CB-ON/7	HOEC	Chennai	7.28	6.42	0.532	0.710
14	Panna-Mukta	BGEPI+ONGC+RIL	Mumbai	Not to be audited	1334.00	Not to be audited	212.38
15	Mid & South Tapti	BGEPI+ONGC+RIL	Mumbai	Not to be audited	296.00	Not to be audited	200.50
16	RJ-ON-90/1	Cairn Energy	Gurgaon	Not to be audited	6067.00	Not to be audited	538.43
17	KG-DWN-98/3	RIL	Mumbai	Not to be audited	1678.00	Not to be audited	1096.46
18	CAMBAY	OILEX	Gandhinagar (Gujrat)	0.32	0.24	23.89	8.665
19	INDRORA	SELAN	Gurgaon	0.44	0.66	0.40	4.20
20	BAKROL	SELAN	Gurgaon	14.48	12.23	2.50	3.35
21	BAOLA	INTERLINK	Noida			4.9	1.80

		PETROLEUM					
22	KANAWARA	HERAMAC	Hyderabad			1.613	2.052
23	KARJISAN	SELAN	Gurgaon			0.017	3.35
24	OGNAJ	SELAN	Gurgaon			1.53	1.10
25	BHANDUT	OILEX	Gandhinagar			0.395	0.216
26	DHOLASAN	HERAMAC	Hyderabad			0.072	0.237
27	SABARMATI	OILEX	Hyderabad			0.290	0.384
28	ALLORA	HERAQMACH	Hyderabad			0.154	0.701
29	NORTH KATHANA	HERAMAC	Hyderabad			0.212	0.632
30	SANGANPUR	HRDC/Profit Petroleum	Mumbai			0.230	0.598
31	UNAWA	GSPC	Gandhinagar			0.300	0.400
32	MODHERA	INTERLINK	Noida			1.7	0.400
	PRE-NELP			Contract cost of the year			
33	CB-ON/2	GSPCL	Gandhinagar	0.894	29.92		
34	CB-ON/3	ESSAR	Mumbai	0.837	0.661		
35	RJ-ON/6	FOCUS	Delhi NCR	206.00	181.00		
36	CB-OS/1	ONGC	Baroda	0.429	0.418		
37	AAP-ON-94/1	HOEC	Chennai	12.247	9.783		
38	GK-ON/4	FOCUS	Delhi NCR	0.087	1.34		
39	AA-ONJ-02	ONGC	JORHAT	3.163	10.284		
	NELP I						
40	MN-DWN-98/3	ONGC	Kolkatta	2.085	138.375		
41	KG-DWN-98/2	ONGC	Chennai	132.73	351.00		
42	NEC-OSN-97/2	RIL	Mumbai	11.61	3.35		
	NELP II						
43	MN-OSN-2000/2	ONGC	Kolkatta	0.093	60.558		
44	GS-OSN-2000/1	RIL	Mumbai	0.580	(-) 0.220		
	NELP III						
45	KG-OSN-2001/3	GSPCL	Gandhi Nagar	433.65	951.83		
46	CY-DWN-2001/2	RIL	Mumbai	6.0	37.00		
47	CY-PR-DWN-2001/3	RIL	Mumbai	132.11	61.73		
48	AA-ONN-2001/1	ONGC	Jorhat	23.66	51.58		
49	AA-ONN-2001/2	ONGC	Jorhat	10.883	0.755		

50	CB-ONN-2001/1	ONGC	Baroda	2.570	0.395
51	AA-ONN-2001/4	ONGC	Jorhat	0.095	0.105
	NELP IV				
52	KK-DWN-2002/2	ONGC	Mumbai	3.020	23.808
53	KG-DWN-2002/1	ONGC	Chennai	74.571	64.171
54	CY-ONN-2002/2	ONGC	Chennai	4.042	7.260
55	CB-ONN-2002/1	ONGC	Broda	0.118	0.663
56	NEC-DWN-2002/2	ONGC	Kolkata	140.523	158.463
57	AA-ONN-2002/1	JOGPL	Noida	18.826	36.504
58	AN-DWN-2002/1	ONGC	Kolkata	220.059	2.241
59	AA-ONN-2002/4	ONGC	Jorhat	0.080	0.102
	NELP V				
60	CB-OSN-2003/1	ONGC	Baroda	4.997	17.087
61	AN-DWN-2003/1	ONGC	Kolkata	2.664	70.542
62	KG-DWN-2003/1	RIL	Mumbai	2.796	47.00
63	AN-DWN-2003/2	ENI	New Delhi	7.10	5.57
64	AA-ONN-2003/1	JOGPL	Noida	16.354	
65	VN-ONN-2003/1	ONGC	Dehradun	8.582	6.587
66	RJ-ONN-2003/2	FOCUS	New Delhi	8.89	8.71
67	CB-ONN-2003/1	RIL	Mumbai	2.88	1.69
68	KG-ONN-2003/1	CAIRN	Gurgaon	30.064	12.242
	NELP VI				
69	SR-ONN-2004/1	PRIZE PETROLEUM	Gurgaon	3.6	10.7
70	AA-ONN-2004/3	ESSAR	Mumbai	2.939	0.334
71	AA-ONN-2004/5	ESSAR	Mumbai	2.665	0.516
72	CY-DWN-2004/1	ONGC	Chennai	10.193	1.658
73	CY-DWN-2004/2	ONGC	Chennai	7.513	1.806
74	CY-DWN-2004/3	ONGC	Chennai	2.668	54.004
75	CY-DWN-2004/4	ONGC	Chennai	2.497	1.864
76	CY-PR-DWN- 2004/1	ONGC	Chennai	2.368	94.394
77	CY-PR-DWN- 2004/2	ONGC	Chennai	5.410	1.634
78	KG-DWN-2004/1	ONGC	Chennai	2.052	2.091
79	KG-DWN-2004/2	ONGC	Chennai	1.911	2.811
80	KG-DWN-2004/3	ONGC	Chennai	5.129	1.532
81	PA-ONN-2004/1	ONGC	Kolkata	4.332	17.011
82	PR-OSN-2004/1	CAIRN	Gurgaon	1.179	1.324
83	GS-OSN-2004/1	ONGC	Mumbai	62.222	13.997
84	CB-OSN-2004/1	FOCUS	New Delhi	5.43	4.51
85	CB-ONN-2004/1	ONGC	Baroda	2.555	0.236
86	CB-ONN-2004/2	ONGC	Baroda	12.696	12.157
87	CB-ONN-2004/3	ONGC	Baroda	18.259	25.018
88	CB-ONN-2004/4	ONGC	Baroda	8.327	5.846
89	KG-OSN-2004/1	ONGC	Chennai	63.057	114.42
90	KG-DWN-2004/5	ONGC	Chennai	7.203	
91	KG-DWN-2004/6	ONGC	Chennai	1.930	

92	VN-ONN-2004/1	ONGC	Dehradun	7.377	15.776
93	VN-ONN-2004/2	ONGC	Dehradun	1.012	17.386
94	RJ-ONN-2004/1	GAIL	Noida	11.20	7.87
95	RJ-ONN-2004/2	OIL	Jodhpur	15.707	4.973
96	NEC-DWN-2004/1	SANTOS	Delhi	1.2	0.4
97	NEC-DWN-2004/2	SANTOS	Delhi	1.1	0.4
98	MZ-ONN-2004/1	OIL	Duliajan Assam	3.339	16.732
99	DS-ONN-2004/1	GGR	Gandhinagar	0.78	2.11
100	KG-ONN-2004/1	OIL	Chennai	7.500	9.871
101	KG-ONN-2004/2	GSPCL	Gandhinagar	7.03	15.91
102	CY-ONN-2004/1	ONGC	Chennai	2.238	20.085
103	CY-ONN-2004/2	ONGC	Chennai	8.451	9.160
104	AA-ONN-2004/2	OIL	Duliajan Assam	5.669	1.599
	NELP VII				
105	KK-DWN-2005/2	ONGC	Mumbai	8.812	9.428
106	KG-DWN-2005/1	ONGC	Chennai	10.382	97.917
107	KG-DWN-2005/2	BP	Mumbai	0.364	0.266
108	AN-DWN-2005/1	ONGC	Kolkata	1.998	5.597
109	MB-OSN-2005/1	ONGC	Mumbai	35.367	15.83
110	MB-OSN-2005/2	ADANI	Ahemdabad	3.312	48.055
111	MB-OSN-2005/3	EEPL	Mumbai	2.110	0.93
112	MB-OSN-2005/5	ONGC	Mumbai	1.814	
113	MB-OSN-2005/6	ONGC	Mumbai	1.725	
114	KG-OSN-2005/1	ONGC	Chennai	.281	1.043
115	KG-OSN-2005/2	ONGC	Chennai	.228	.979
116	PA-ONN-2005/1	ONGC	Kolkata	2.53	8.01
117	PA-ONN-2005/2	ONGC	Kolkata	4.61	8.09
118	WB-ONN-2005/2	ONGC	Kolkata	1.767	4.816
119	WB-ONN-2005/3	ONGC	Kolkata	5.656	3.303
120	WB-ONN-2005/4	ONGC	Kolkata	6.060	6.433
121	GV-ONN-2005/3	ONGC	Dehradun	2.282	.286
122	RJ-ONN-2005/2	OIL	Jodhpur	0.43	18.92
123	RJ-ONN-2005/3	GSPCL	Gandhinagar	1.65	9.73
124	CB-ONN-2005/2	IOCL	Delhi NCR	1.29	14.39
125	CB-ONN-2005/4	ONGC	Baroda	.680	5.75
126	CB-ONN-2005/5	OMKAR NATURAL	Mumbai	0.138	0.042
127	CB-ONN-2005/7	IOCL	Delhi NCR	2.86	3.40
128	CB-ONN-2005/9	MERCATOR PETROLEUM	Mumbai	2.52	0.774
129	CB-ONN-2005/10	ONGC	Baroda	0.66	12.32
130	PR-ONN-2005/1	ONGC	Chennai	5.47	1.66
131	CY-ONN-2005/1	GAIL	Delhi NCR	4.29	8.94
132	AA-ONN-2005/1	ONGC	JORHAT	0.13	0.09
133	RJ-ONN-2005/1	HOEC	CHENNAI	24.035	10.873
134	CB-ONN-2005/3	MERCATOR PETROLEUM	MUMBAI	1.15	0.186
	NELP VIII				
135	MB-DWN-2009/1	CAIRN	Gurgaon	0.420	7.723

136	KG-DWN-2009/1	BGEPIL	Mumbai	0.084	0.12
137	AN-DWN-2009/1	ONGC	Kolkata	1.347	8.58
138	AN-DWN-2009/2	ONGC	Kolkata	1.172	18.040
139	AN-DWN-2009/3	ONGC	Kolkata	1.200	11.427
140	AN-DWN-2009/5	ONGC	Kolkata	1.176	15.151
141	AN-DWN-2009/13	ONGC	Kolkata	1.432	15.151
142	AN-DWN-2009/18	ONGC	Kolkata	1.589	15.171
143	GK-OSN-2009/1	ONGC	Mumbai	4.630	34.778
144	GK-OSN-2009/2	ONGC	Mumbai	4.691	38.532
145	CY-OSN-2009/1	BENGAL BN	Mumbai	0.469	5.301
146	CY-OSN-2009/2	OIL	Delhi NCR	11.888	2.375
147	KG-OSN-2009/1	ONGC	Chennai	5.273	47.932
148	KG-OSN-2009/2	ONGC	Chennai	4.050	41.564
149	KG-OSN-2009/3	CAIRN	Gurgaon	1.402	25.140
150	KG-OSN-2009/4	ONGC	Chennai	1.110	39.148
151	AA-ONN-2009/1	JOGPL	Noida	2.551	14.774
152	AA-ONN-2009/2	JOGPL	Noida	3.191	25.633
153	CB-ONN-2009/1	ESGPL / Sintex	Ahemdabad	0.317	2.827
154	CB-ONN-2009/2	ESGPL / Sintex	Ahemdabad	0.317	1.888
155	CB-ONN-2009/7	ESGPL / Sintex	Ahemdabad	2.393	1.960
156	CB-ONN-2009/8	JPIL	Delhi NCR	10.366	2.499
157	AA-ONN-2009/3	ONGC	JORHAT	1.403	7.103
158	AA-ONN-2009/4	OIL	ASSAM	0.131	3.928
159	VN-ONN-2009/3	ONGC	DEHRADUN	2.280	0.205
160	CB-ONN-2009/4	ONGC	BARODA	2.318	2.845
161	CB-ONN-2009/5	NTPC	Noida	2.207	2.157
	CBM Blocks				
162	RANIGANJ	GEECL	GURGAON		
163	RANIGANJ	ESSAR Oil Ltd.	Durgapur West Bengal		
164	JHARIA	ONGC	Bokaro		

* Indicative figures

Terms and Conditions

- 1) **Commencement and Completion of Audit:** Audit of all awarded Blocks / Fields to be commenced immediately after issue of Letter of Award (LoA) and completed within 3 months after contractor provides the complete records. In the event of any difficulty and delay beyond 3 weeks from LoA, in receipt of necessary records, auditor has to inform DGH formally & immediately for ensuring early completion of audit.
- 2) **Liquidated Damages:** The final Audit report shall be submitted to the Govt. of India within 30 days from the completion of audit, failing which the liquidated damages at the rate of half percent per week of delay or part thereof limited to five percent of the lump sum auditing fees shall be levied for the fields for which the submission of report is delayed.
- 3) **Non-performance Remedies:** In the event of failure to accomplish the work to the satisfaction of DGH under engagement letter, DGH reserves the right to cancel the engagement letter or a portion thereof by serving prior notice to the bidder and if so desired, engage other firms for availing the same services at the sole risk and cost of bidder.
- 4) The list of Blocks and years for exercising the Govt. audit rights along with Revenue/contract cost is enclosed. DGH may at its sole discretion delete any block from the list of blocks to be audited / inspected and may delete the job for any of the year of audit mentioned without assigning any reason.
- 5) **Force Majeure:** (i) 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, earthquake, typhoon, fire, war declared or undeclared, hostilities, invasions, blockades, riots, strikes, insurrection and civil disturbance but shall not include the unavailability of funds.

(ii) Neither party shall be held responsible for any loss or damage or delay in or failure of performance under the engagement letter to the extent that such loss or damage or delay in audit or failure of performance is caused by the force majeure. Either party shall have the right to terminate the engagement /contract with prior written notice. The written notice shall be give promptly but in no case later than seven (7) days after the occurrence of the event of Force Majeure giving full particulars of the Force Majeure, the obligations affected and the reasons of the termination. No payment due to bidder for the work completed prior to "Force Majeure" conditions shall be made.

In case the contract is agreed mutually to be not terminated, then time for performance of the relative obligations suspended by the force majeure shall then

stand extended by the period for which such cause lasts. Such period shall be decided mutually and the Government will have the final say in the matter.

- 6) **Assignment:** Auditor shall not assign or sub-contract, in part or in whole, directly or indirectly, any work here under without obtaining the prior consent of DGH in writing.
- 7) **Indemnity:** Auditor shall indemnify, defend and hold DGH harmless from/against any claim, loss, liability, costs and expenses (including attorney fees) for damage to operator's property arising from the use of equipment/software/data regardless of cause while at operator's premises for Inspecting/Auditing of their accounts.

The Auditor shall also indemnify DGH for any indirect losses or consequential damages including without limitation, loss of profit, loss of production, loss of business, loss of use and loss of data regardless of the cause thereof.

- 8) **Confidentiality:** As this assignment is of confidential nature, the Auditor shall give an undertaking that they will hold in strict confidence all information obtained from the DGH and the independent field operators and shall not disclose such information to others except in connection with the performance of services for which they are engaged.
- 9) **Arbitration:** Any dispute or difference arising out of this contract shall be settled by mutual negotiations. If the dispute or difference cannot be settled by way of negotiations, it will be referred to Arbitration. There shall be three arbitrators, one by each party and the third appointed by the two. The arbitrator shall give reasoned award.

The arbitrators shall decide by whom the arbitrator's fee as well as cost incurred in arbitration shall be borne.

All arbitration proceedings shall be conducted in New Delhi / Delhi.

- 10) **Governing law and jurisdiction:** This engagement letter is governed by Indian Laws and the courts of Delhi/ New Delhi shall have the extensive jurisdiction on the subject matter.
- 11) **Abbreviations:**

PSC – Production Sharing Contract

CBM- Coal Bed Methane

MC- Management Committee

SC- Steering Committee

E&P – Exploration and Production

**Proforma of Bank Guarantee towards Bid Security
BID BOND**

Ref. No.....

Bank Guarantee No.....

Dated

To,

Directorate General of Hydrocarbons
OIDB Bhawan, Tower A, Plot No. 2, Sector – 73, Noida -201 301, India.

Dear Sirs,

1. Whereas Directorate General of Hydrocarbons, having its office at OIDB Bhawan, Tower A, Plot No. 2, Sector – 73, Noida -201 301, India. (hereinafter called 'DGH' which expression unless repugnant to the context or meaning thereof shall mean and include all its successors, administrators, executors and assignees) has floated a Tender No. _____ and M/s _____ having Head/Registered office at _____ (hereinafter called the 'Bidder' which expression unless repugnant to the context or meaning thereof shall mean and include all its successors, administrators, executors and permitted assignees) have submitted a bid Reference No..... and Bidder having agreed to furnish as a condition precedent for participation in the said tender an unconditional and irrevocable Bank Guarantee of Indian Rupees (in figures) _____ (Indian Rupees)(in words) _____ only) for the due performance of Bidder's obligations as contained in the terms of the Notice Inviting Tender (NIT) and other terms and conditions contained in the Bidding documents supplied by DGH which amount is liable to be forfeited on the happening of any contingencies mentioned in said documents.
2. We (name of the bank) _____ registered under the laws of _____ having its head/registered office at _____ (hereinafter referred to as "the Bank" which expression, unless repugnant to the context or meaning thereof, shall mean and include all its successors, administrators, executors and permitted assignees) do hereby guarantee and undertake to pay immediately on the first demand by DGH, the amount of Indian Rs. (in figures) _____ (Indian Rupees (in words) _____ only) in aggregate at any time without any demur and recourse, and without DGH having to substantiate the demand. Any such demand made by DGH shall be conclusive and binding on the Bank irrespective of any dispute or difference raised by the Bidder.
3. The Bank confirms that this guarantee has been issued with observance of appropriate laws of the country of issue.
4. The Bank also agree that this guarantee shall be irrevocable and governed and construed in accordance with Indian Laws and subject to exclusive jurisdiction of Indian Courts of the place from where tenders have been invited.
5. This guarantee shall be irrevocable and shall remain in force up to _____ which **includes thirty days** after the period of bid validity and any demand in respect thereof should reach the Bank not later than the aforesaid date.
6. Notwithstanding anything contained hereinabove, our liability under this Guarantee is limited to Indian Rs. (in figures) _____ (Indian Rupees (in words) _____)

_____ only) and our guarantee shall remain in force until (indicate the date of expiry of bank guarantee) _____.

Any claim under this Guarantee must be received by us before the expiry of this Bank Guarantee. If no such claim has been received by us by the said date, the rights of DGH under this Guarantee will cease. However, if such a claim has been received by us by the said date, all the rights of DGH under this Guarantee shall be valid and shall not cease until we have satisfied that claim. In witness whereof, the Bank, through its authorized officer, has set its hand and stamp on this day of at

.....

WITNESS NO. 1

(Signature)
Full name and official
address (in legible letters)

(Signature)
Full name, designation and
official address (in legible
letters) with Bank stamp.

Attorney as per Power of
Attorney No.....
Dated

WITNESS NO. 2

(Signature)
Full name and official
address (in legible letters)

Notes:

1. Please indicate the currency in which Bank Guarantee is being given Indian Rupees had been mentioned only for illustration. Therefore, in case where Bank Guarantee is being given in a currency other than Rupees, these terms may be deleted and replaced by relevant currency.
2. The expiry date as mentioned in clause **5 & 6** should be arrived at by adding 30 days to the date of expiry of the bid validity unless otherwise specified in the bidding documents.

PERFORMANCE GUARANTEE

Ref. No. _____ Bank Guarantee No _____

Dated _____

To,

Directorate General of Hydrocarbons,

OIDB Bhawan, Plot No. 2, Sector 73, Noida -201 301, UP, India.

Dear Sirs,

1. In consideration of Directorate General of Hydrocarbons, having its Office at OIDB Bhawan, Plot No.2, Sector-73, NOIDA, India (hereinafter referred to as 'DGH', which expression shall, unless repugnant to the context or meaning thereof, include all its successors, administrators, executors and assignees) having entered into a CONTRACT No. _____ dated _____ (hereinafter called 'the CONTRACT' which expression shall include all the amendments thereto) with M/s _____ having its registered/head office at _____ (hereinafter referred to as the 'CONTRACTOR') which expression shall, unless repugnant to the context or meaning thereof include all its successors, administrators, executors and assignees) and DGH having agreed that the CONTRACTOR shall furnish to DGH a performance guarantee for Rupees..... for the faithful performance of the entire CONTRACT.
2. We (name of the bank) _____ registered under the laws of _____ having head/registered office at _____ (hereinafter referred to as "the Bank", which expression shall, unless repugnant to the context or meaning thereof, include all its successors, administrators, executors and permitted assignees) do hereby guarantee and undertake to pay immediately on first demand in writing any /all moneys to the extent of Rs. (in figures) _____ (Rupees. (in words) _____) without any demur, reservation, contest or protest and/or without any reference to the CONTRACTOR. Any such demand made by DGH on the Bank by serving a written notice shall be conclusive and binding, without any proof, on the bank as regards the amount due and payable, notwithstanding any dispute(s) pending before any Court, Tribunal, Arbitrator or any other authority and/or any other matter or thing whatsoever, as liability under these presents being absolute and unequivocal. We agree that the guarantee herein contained shall be irrevocable and shall continue to be enforceable until it is discharged by DGH in writing. This guarantee shall not be determined, discharged or affected by the liquidation, winding up, dissolution or insolvency of the CONTRACTOR and shall remain valid, binding and operative against the bank.
3. The Bank also agrees that DGH at its option shall be entitled to enforce this Guarantee against the Bank as a principal debtor, in the first instance, without proceeding against the CONTRACTOR and notwithstanding any security or other guarantee that DGH may have in relation to the CONTRACTOR's liabilities.

4. The Bank further agrees that DGH shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said CONTRACT or to extend time of performance by the said CONTRACTOR(s) from time to time or to postpone for any time or from time to time exercise of any of the powers vested in DGH against the said CONTRACTOR(s) and to forbear or enforce any of the terms and conditions relating to the said agreement and we shall not be relieved from our liability by reason of any such variation, or extension being granted to the said CONTRACTOR(s) or for any forbearance, act or omission on the part of DGH or any indulgence by DGH to the said CONTRACTOR(s) or any such matter or thing whatsoever which under the law relating to sureties would, but for this provision, have effect of so relieving us.
5. The Bank further agrees that the Guarantee herein contained shall remain in full force during the period that is taken for the performance of the CONTRACT and all dues of DGH under or by virtue of this CONTRACT have been fully paid and its claim satisfied or discharged or till DGH discharges this guarantee in writing, whichever is earlier.
6. This Guarantee shall not be discharged by any change in our constitution, in the constitution of DGH or that of the CONTRACTOR.
7. The Bank confirms that this guarantee has been issued with observance of appropriate laws of the country of issue.
8. The Bank also agrees that this guarantee shall be governed and construed in accordance with Laws and subject to the exclusive jurisdiction of Courts of the place from where the purchase CONTRACT has been placed.
9. Notwithstanding anything contained herein above, our liability under this Guarantee is limited to Rs. (in figures) _____ (Rupees (in words) _____) and our guarantee shall remain in force until _____.(indicate the date of expiry of bank guarantee)

Any claim under this Guarantee must be received by us before the expiry of this Bank Guarantee. If no such claim has been received by us by the said date, the rights of DGH under this Guarantee will cease. However, if such a claim has been received by us within the said date, all the rights of DGH under this Guarantee shall be valid and shall not cease until we have satisfied that claim.

In witness whereof, the Bank through its authorised officer has set its hand and stamp on thisday of20__ at

WITNESS NO. 1

(Signature)

Full name and official
address (in legible letters)
with Bank stamp

(Signature)

Full name, designation and
address (in legible letters)

Attorney as per power of

Attorney No.....

Dated

WITNESS NO. 2

(Signature)

Full name and official

address (in legible letters)