

(To be published in the Gazette of India Part I, Section I)
Government of India
Ministry of Petroleum and Natural Gas

Shastri Bhavan, New Delhi
Date: 14th October, 2015

RESOLUTION

No. O- 19018/22-95-ONG.III: Many of the Marginal oil and gas fields of Oil & Natural Gas Corporation Ltd (ONGC) and Oil India Ltd (OIL) could not be monetized for years due to various reasons such as isolated locations, small size, prohibitive development costs, technological constraints, unfavourable fiscal regime, etc. On 2nd September, 2015, the Cabinet has approved the Marginal Field Policy (MFP) with the objective to bring marginal fields to the production at the earliest so as to augment the domestic production of oil and gas. Government has attempted to include certain reforms in the hydrocarbon exploration and production management through this policy with sole intention to increase the production at the earliest. The salient features of this policy are given below:

Single license for conventional and non-conventional hydrocarbons

2. A single license will be provided to enable E&P operators to explore and extract all hydrocarbon resources covered under the Oilfields Regulation and Development (ORD) Act, 1948, and Petroleum and Natural Gas (PNG) Rules, 1959 under one PEL/PML. This will enable the contractor to explore 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 PNG rules, 1959.

No restriction on exploration activity during Contract Period

3. The contractor will be allowed to carry out exploration activity during entire contract duration. Exploration will be at the sole risk and cost of the contractors.

Model for inviting the bids

4. Bids will be invited for the Marginal Fields on a Revenue Sharing Contract (RSC) Model. To ensure viability of operations, it is proposed to cluster fields / discoveries, as may be required at the time of Notice Inviting Offer (NIO). This revenue sharing model will be based on a revenue-based linear scale. The contractor shall be required to pay biddable Government share of revenue (net of royalty or post-royalty).
5. A simple and easy to administer contractual model in line with Government's efforts to promote 'Ease of Doing Business' requiring minimum regulatory burden for monetizing these fields has been developed.

Crude Oil Pricing and Sale

6. The contractor will be free to sell the crude oil exclusively in domestic market through a transparent bidding process on arms length basis. However, for the sake of calculation of Government revenue, the minimum price will be 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 Petroleum Planning and Analysis Cell (PPAC) on a monthly basis. If the price arrived through bidding is more than the price of Indian Basket of Crude Oil then the Government's take will be calculated based on the actual price realized.

Natural Gas Pricing

7. The contractor will have freedom for pricing and allocation of gas produced from a cluster / field / discovery on arms length basis. The Government share of revenue shall be calculated as per the Domestic Natural Gas Pricing Guidelines in vogue at relevant point of time. However, if the discovered price is more than the calculation based on the Domestic Natural Gas Price Guidelines issued by the Government from time to time, then the Government's take will be calculated based on actual price realized.

Royalty

8. Royalty rates applicable under New Exploration Licensing Policy (NELP) regime will be adopted in the Policy for Marginal Field of ONGC and OIL.

Oil Cess

9. No oil cess shall be applicable on crude oil production from marginal fields.

Customs Duty

10. Exemption from custom duty will be provided on all machinery, plants, equipments, materials and supplies related to petroleum operations as applicable in NELP.

Mining Lease

11. Current Mining Lease holder will be required to transfer/assign the Mining Lease (ML) or Petroleum Exploration License (PEL) along with all available clearances to the awardee of the area/ Contractor, to the extent legally possible, or else the Contractor has to obtain the same. Lease / License rent / fees will be governed as per ORD Act 1948 and P&NG Rules 1959 as amended from time to time.

Contract Duration

12. The contract duration for development and production from the offered Marginal Fields would be a maximum of twenty (20) years from the effective date (effective date is the date of PEL/ML grant/ transfer /signing of deed) or till the economic life of the field as submitted by bidder along with development plan in the bid, whichever is earlier, unless the Contract is terminated earlier in accordance with its terms, but may be extended upon mutual agreement between the Parties for a further period not exceeding ten (10) years. If the production of Crude Oil or Natural Gas is expected to continue beyond the end of the relevant period referred above, the Parties may agree to extend this Contract for a further period upon such terms as may be mutually agreed. The contract can be extended based on the provisions of the contract and extant GOI guidelines, if any. Contract can be terminated earlier by GOI if the production from the offered Marginal Fields ceases for a period of over one (1) year at any instance.

Management Committee

13. A Management Committee (MC) will be constituted with representatives from Government/DGH and contractor.

Eligibility for participation in bids

14. National oil Companies, Indian Private Companies and foreign companies either alone or in joint venture can bid for the offered marginal fields. Up to 100% participation by foreign companies, joint ventures will be allowed.

Site Restoration

15. The site restoration fund shall be maintained by the contractor, as per the notified "Site Restoration Fund Scheme-1999", as amended from time to time. The activity of site restoration will be done as per applicable rules / standards / notifications.
16. The above policy will apply to 69 fields of ONGC and OIL considered under the marginal field category. List of 69 fields is annexed.

The decision herein contained will come into force with immediate effect and will remain in force until further orders.

(U. P. Singh)
Additional Secretary to the Government of India

ORDER

Ordered that a copy of this Resolution be communicated to all the State Government /Union Territory Administration, Lok Sabha/Rajya Sabha Secretariat and the concerned Ministries and Departments of the Government of India.

Ordered also that the Resolution be published in the Gazette of India for information.

(U. P. Singh)
Additional Secretary to the Government of India

To,
The Manager ,
Government of India Press
Faridabad

Copy to:

1. All the State Governments & Union Territories
2. President Secretariat , New Delhi
3. Prime Minister's Office, South Block , New Delhi
4. Cabinet Secretariat, New Delhi.
5. Ministry of Parliamentary Affairs
6. Lok Sabha Secretariat, New Delhi
7. Rajya Sabha Secretariat , New Delhi
8. Comptroller and Auditor General of India, New Delhi

9. NITI Aayog, New Delhi
10. Ministry of Finance, North Block, New Delhi.
11. Ministry of Law and Justice, New Delhi
12. CMD, ONGC/OIL
13. DG, DGH
14. PS to MOS I/c, P&NG
15. Information Officer, PIB, MOPNG, New Delhi—it is requested that a press note may please be issued regarding the above decision of the Government.

(U. P. Singh)
Additional Secretary to the Government of India

S.No.	STATE	Basin	Field
Andhra Pradesh (8)			
1	Andhra Pradesh	Krishna Godavari	Koravaka
2	Andhra Pradesh	Krishna Godavari	Uppidi-1 (UPAA)
3	Andhra Pradesh	Krishna Godavari	Bhimanapalli
4	Andhra Pradesh	Krishna Godavari	Palakollu
5	Andhra Pradesh	Krishna Godavari	Mummidavaram
6	Andhra Pradesh	Krishna Godavari	Achanta
7	Andhra Pradesh	Krishna Godavari	Lankapalem
8	Andhra Pradesh	Krishna Godavari	Sanarudravaram
Arunachal Pradesh (1)			
9	Arunachal Pradesh	Upper Assam	Kherem
Assam (12)			
10	Assam	AAFB	N.Patharia
11	Assam	ASSAM SHELF	Charaideo
12	Assam	AAFB	Barsilla
13	Assam	AAFB	Laxmijan
14	Assam	ASSAM SHELF	Bihubar
15	Assam	AAFB	Hilara
16	Assam	AAFB	Patharia
17	Assam	Upper Assam	Duarmara
18	Assam	Upper Assam	Dipling
19	Assam	Upper Assam	Sarojini
20	Assam	Upper Assam	Jeraipathar
21	Assam	Upper Assam	Sapekhati
Gujarat (5)			
22	Gujarat	CAMBAY	Elao
23	Gujarat	CAMBAY	West Bechraji
24	Gujarat	CAMBAY	South Patan
25	Gujarat	CAMBAY	Khambel
26	Gujarat	CAMBAY	Kamboi
Madhya Pradesh(1)			
27	Madhya Pradesh	Frontier Basin	Nahota-2
Nagaland (2)			
28	Nagaland	ASSAM SHELF	Chumukedema
29	Nagaland	ASSAM SHELF	Tynyphe
Rajasthan (2)			
30	Rajasthan	Rajasthan	Bakhri-Tibba
31	Rajasthan	Rajasthan	Sadewala

S.No.	STATE	Basin	Field
Tamil Nadu (2)			
32	Tamil Nadu	Cauvery	Neduvasal
33	Tamil Nadu	Cauvery	Karaikal
Western Offshore (29)			
34	W. offshore	BOMBAY OFFSHORE	B-127E-1
35	W. offshore	BOMBAY OFFSHORE	B-9
36	W. offshore	BOMBAY OFFSHORE	B-7-2
37	W. offshore	BOMBAY OFFSHORE	B-37
38	W. offshore	BOMBAY OFFSHORE	B-51
39	W. offshore	BOMBAY OFFSHORE	D-12
40	W. offshore	KUTCH	KD
41	W. offshore	BOMBAY OFFSHORE	D-18
42	W. offshore	BOMBAY OFFSHORE	B-174
43	W. offshore	BOMBAY OFFSHORE	CD
44	W. offshore	BOMBAY OFFSHORE	CA
45	W. offshore	BOMBAY OFFSHORE	B-80
46	W. offshore	BOMBAY OFFSHORE	SD-4
47	W. offshore	BOMBAY OFFSHORE	SD-14
48	W. offshore	BOMBAY OFFSHORE	B-163
49	W. offshore	BOMBAY OFFSHORE	B-183
50	W. offshore	BOMBAY OFFSHORE	C-37
51	W. offshore	BOMBAY OFFSHORE	B-15
52	W. offshore	BOMBAY OFFSHORE	B-153
53	W. offshore	BOMBAY OFFSHORE	B-15A
54	W. offshore	BOMBAY OFFSHORE	C-43
55	W. offshore	BOMBAY OFFSHORE	TP
56	W. offshore	BOMBAY OFFSHORE	D-31
57	W. offshore	BOMBAY OFFSHORE	B-14
58	W. offshore	BOMBAY OFFSHORE	BRC
59	W. offshore	BOMBAY OFFSHORE	ED-4
60	W. offshore	BOMBAY OFFSHORE	GK-39
61	W. offshore	BOMBAY OFFSHORE	NMT
62	W. offshore	BOMBAY OFFSHORE	PER
Eastern Offshore (7)			
63	E.offshore	Krishna Godavari	GS-KV-1
64	E.offshore	Krishna Godavari	GS-70-1
65	E.offshore	Krishna Godavari	GS-59-1A
66	E.offshore	Krishna Godavari	YS-5-1A
67	E.offshore	Krishna Godavari	GD-7
68	E.offshore	Krishna Godavari	KD-1

S.No.	STATE	Basin	Field
69	E.offshore	Krishna Godavari	GD-1