Legal Issues

DSF Operators’ Workshop: 26<sup>th</sup> April, 2017
Applicable Law

• Contract shall be governed and interpreted in accordance with the laws of India. (Art 30.1)
• Contractor is required to exercise the rights, privileges and powers conferred upon it by this Contract in a manner which will not contravene the laws of India. (Art 30.2)
• Indicative list of some major applicable laws:
  • Oil Fields (Regulation and Development) Act, 1948
  • Petroleum and Natural Gas Rules 1959
  • Site Restoration Fund Scheme, 1999
  • Customs Act, 1962 (52 of 1962) and Customs Tariff Act, 1975
  • Central Excise Act and Central Excise Tariff Act, 1985
  • Arbitration & Conciliation Act, 1996
  • Environment (Protection) Act 1986
  • Air (Prevention and Control of Pollution) Act 1981
  • Water (Prevention and Control of Pollution) Act 1974
  • Forest (Conservation) Act 1980
  • Wild Life (Protection) Act
Operatorship, Operating Agreement and Operating Committee (Article 7)

- Function required of the Contractor under Contract shall be performed by the Operator. However, it would not relieve constituent of Contractor from any of its obligation under Contract.
- If Contractor is single Company, then Contractor shall be the Operator.
- If there are more than one Companies constituting the Contractor, an Operator has been designated under the Contract.
- No Change in Operator without prior written consent of Government (Article 7.2)
  - In the event Contractor desires to change the Operator, it is required to submit application with all relevant information which will be either accepted or rejected by Government within 120 days.
  - Operating Agreement is required to be executed within 45 days of Effective Date. This period can be extended by the consent of Government.
Operatorship, Operating Agreement and Operating Committee (Article 7)

- Operating Agreement should be consistent with terms of Contract and should provide among other things
  - Appointment, resignation, removal and responsibilities of the Operator
  - Establishment of an Operating Committee comprising of agreed number of representatives of the Companies chaired by a representative of the Operator
  - Functioning of Operating Committee, procedure of decision making, frequency and place of meetings
  - Contribution to costs, default, sole risk, responsibilities relating to the preparation and implementation of work programme, disposal of Petroleum and assignment as between the parties to the Operating Committee

- Operator is required to provide a copy of Operating Agreement **within 30 days** from the date of execution to the Government. Time period can be extended by Government’s Consent
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Dispute Resolution Mechanism

- Parties shall use their best efforts to settle amicably all disputes, differences or claim arising out of or in connection with contract.
- Sole Expert: Dispute which parties has agreed under this contract to be settled by Sole Expert or any other matter which party has agreed to be decided by Sole Expert
- Conciliation
- Arbitral Tribunal
- In case of dispute among government companies and Government, such dispute would be decided in accordance with guidelines issued on the subject by Government from time to time
- Venue of the Sole Expert/Arbitration/Conciliation: New Delhi
Thank You