

# Legal Issues

DSF Operators' Workshop: 26<sup>th</sup> April, 2017

# Applicable Law

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- 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, a 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

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- 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
- Governing law of Arbitration Agreement : Indian Arbitration and Conciliation Act 1996



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**Thank You**