

**MOST IMMEDIATE**

**O-22013/6/2016-ONG-D-V (FTS-44334)**  
**Government of India**  
**Ministry of Petroleum & Natural Gas**  
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Shastri Bhawan, New Delhi  
Dated: 28<sup>th</sup> August , 2018.

To,

Director General,  
Directorate General of Hydrocarbons,  
OIDB Bhawan, Plot No. 2, Sector -73  
Noida (U.P)-201301.

**Subject: Standard Operating Procedure (SoPs) for implementation of Para 3 of Policy framework dated 10.11.2014 for PSC regime, Policy frame work dated 11.4.2017 for CBM and Excusable Delay cases under Policy dated 18.04.2006 - regarding .**

Sir,

I am directed to refer to DGH's letter No. DGH/Environment/01/2018 dated July 27, 2018 on the subject mentioned above and to inform that these SoPs have been framed to implement the guidelines issued vide extant policies dated 18<sup>th</sup> April, 2006, 10<sup>th</sup> November, 2014 and 11<sup>th</sup> April, 2017 respectively for systemic disposal of the cases in an objective and transparent manner. The said SoPs are essentially meant to implement the aforesaid extant policy guidelines. The Ministry agrees with the SoPs, as proposed by DGH. However, while implementing these SoPs, it may be ensured that decisions under these SoPs are in accordance with the policies as mentioned above. Cases settled in the past will not be re-opened while implementing the SoPs.

Yours faithfully,



(D K Ghosh)

Under Secretary to the Govt. of India  
Tel: 011-23388164

**Sub: Standard Operating Procedures for implementation of Para 3 of Policy framework dated 10.11.2014 for PSC regime, Relinquishment cases under and Excusable delay cases under Policy dated 18.04.2006 and Exit cases under Policy dated 11.04.2017 for early monetization of CBM.**

**A. Background**

Government of India on 10.11.2014 approved a policy wherein DGH was empowered to relax, extend and clarify on provisions of Production Sharing Contracts (PSC) for early monetization of PSC blocks. Further vide policy dated 11.04.2017, Govt. of India empowered DGH to debottleneck Coal Bed Methane (CBM) contractual issues, examine and approve exit cases and take decisions on behalf of Govt. of India on select issues and provide clarity on CBM contract. Now, vide policy dated 25.06.2018, Govt. has delegated its power to DGH to examine and approve excusable delays on account of Govt. approval/clearances/permits that are demonstrable. For this a multi-disciplinary committee has to be constituted that would prescribe detailed procedure for allowing excusable delays. Taking cognizance of empowerment of DGH vide Govt. policies dated 10.11.2014, 11.04.2017 and 25.06.2018 to examine and approve select cases pertaining to exit due to delay in clearances and excusable delays/force majeure, DGH has constituted a Multi-Disciplinary Committee that has framed the Standard Operating Procedures (SOP) to examine cases that may be referred to under the three policies. The primary objective of these SOPs is to bring transparency and objectivity for assessment of cases referred to under the said policies. Following are the SOPs under respective policies.

**B. Policy framework for relaxation, extension, and clarifications at the development and production stage under PSC regime for early monetisation of hydrocarbon discoveries notified on 10.11.2014 and Policy dated 11.04.2017 for Early monetization of CBM.**

- 1.0. Para 3 of the policy dated 10.11.2014 specifically relates to "Reduction of Minimum work program (MWP) in case of blocks overlapping with Special Economic Zones (SEZ), reserve forests, naval exercise areas, Defence Research and Development Organisation (DRDO) danger zones, National Parks, urban areas, Firing ranges of Police/ Armed Forces, etc." Clause 3.1. of Policy dated 10.11.2014 is being reproduced here: "The blocks are offered for bidding after securing clearance from six agencies. Subsequently, after the grant of PEL for the entire block area, the contractor is required to complete the MWP as per PSC. For completion of MWP, contractor proposes annual work programme for review of MC every year. In some cases, while executing the seismic work and drilling of exploration wells in the block as per MWP, some of the agencies like Ministry of Defence (MOD), Ministry of Environment and Forest (MoEF) and State Government/Departments, who had earlier

accorded 'in principle' approval, have denied permission to carry out work in the entire block or a part of it. It has been decided that where the contract area has been reduced due to denial of clearances by Government agencies, DGH is empowered to exercise such powers of proportionate reduction of MWP on the recommendations of MC as follows:

- 1.1. Clause 3.1(a): If the contractor decides not to accept any reduction in the area at any stage before Petroleum Mining Lease (PML) is granted, the contractor would be permitted to exit from the Contract without payment of cost of Unfinished Work Program. In such cases, the proposal for relinquishment shall be submitted within three months of the communication received by the contractor for such reduction.
- 1.2. Clause 3.1(b): If the contractor agrees to continue exploration in the reduced area, then he may be allowed a proportional reduction in MWP in 2D, 3D work program and also for drilling of wells rounded off to the nearest integer with a minimum number of one. The choice of the wells to be drilled would be left to the contractor.
- 1.3. Clause 3.1(e): If delay due to lack of statutory and other clearances is beyond 2 years in any block, then the contractor will be given a choice to choose between (a) and (b). In such cases the application for such reduction / exit should be submitted within 3 months of expiry of two-year period from date of application for clearance.
- 1.4. Clause 3.2: These provisions would also be applicable as a one-time measure for existing cases where block has not got clearance as on date for more than 2 years (within 3 months of notification of this policy).
- 2.0. CBM policy dated 11.04.2017, Clause 2.0: "Director General, Directorate General of Hydrocarbons (DG,DGH) is empowered for condoning the delays in notice periods, annual work program and budgets and to approve the excusable delays regarding clearances from State and Central Government." The DG, DGH will dispose such cases within the time limits below.
- 2.1. Clause 2.6 of policy dated 11.04.2017: Effective Date of contract – If delay in grant of Petroleum Exploration License (PEL) exceeds two (2) years from the State Government in any block, the Contractor if exercises exit option from the CBM block, will be permitted to exit without paying cost of unfinished work program.
- 2.2. Clause 2.7 of policy dated 11.04.2017 is reproduced here: "Non-grant or delayed permission of clearances by State Government and Central Government – In cases of inordinate delays in granting clearances i.e. beyond two (2) years in any block, the Contractor if exercises its exit option, will be permitted to exit from the block without payment of Cost of Unfinished Work Programme. DGH is empowered to review and examine such cases and approve exit option exercised by the Contractor from the CBM

contract". Policy dated 11.04.2017 for 'Early monetization of CBM' is applicable for all present and past cases of CBM Blocks.

- 3.0. After the issuance of the Policy dated 10.11.2014 and 11.04.2017, DGH has received requests from contractor for exercising exit option from respective blocks under clause 3.1(e) and for past cases under clause 3.2 of policy, due to delay in getting clearances for more than 2 years. Such delays in clearances may be either due to submission of incomplete information or delay in responding to the queries of statutory authorities by the contractor or delay on part of regulatory/permitting authorities. Such cases are required to be put up to Expert Committees in statutory authorities and also involve seeking of additional information and conveying the decision of the Competent Authority to the project Proponent. In such cases, it is not proper to apportion these delays on the respective authorities as it will lead to disputes between DGH and statutory authority. Moreover, such apportionment would require seeking the responses of such Ministries/authorities for which DGH has no statutory empowerment.
- 3.1. In order to implement policies and achieve the objective intended therein, it is proposed to examine only the performance of actions by the contractor and not of the authorities. Therefore, these SOPs have been formulated under the said policy to holistically examine whether delay has been caused on account of reasons not directly attributable to the contractor and facilitates implementation of provisions of clause 3.1(e) and 3.2 of policy dated 10.11.2014 and clauses 2.6 and 2.7 of policy dated 11.04.2017 for CBM issues. Therefore, these SOPs encompass the key tasks an contractor has to undertake at each stage while submission of application for a requisite clearance and provide a framework for the Multi-Disciplinary committee in DGH to examine the eligibility of contractor, if reasonable endeavour was made to fulfil each task within said reasonable timelines. Accordingly, SOPs for reduction of contract area with pro-rata reduction of work program, examining delay/non-grant of statutory clearances such as Environment, Forest, Wildlife, Consent-to-Establish (CTE)/Consent-to-Operate (CTO), Petroleum Exploration License (PEL), Defence clearances are being furnished here.

#### **4.0. Procedures for evaluation of cases where Contract area is reduced.**

Following procedure will be followed for evaluation of cases wherein part or full Contract area has been reduced due to non-grant of requisite clearance from Central/State government or its authorities:

- 4.1. Procedures for evaluation of cases where contract area is reduced and the contractor applied to exit from the contract under Clause 3.1.(a) of policy dated 10.11.2014.**
- a. Petroleum Mining Lease should not have been granted for the contract area.
  - b. Contractor to submit proposal for consideration of relinquishment.

- c. Proposal for relinquishment should be submitted by the contractor to DGH within three months of the communication received by the contractor for such reduction.
- d. DGH to examine the proposal and submit its views to Management Committee whether the contractor is eligible for exit from contract.
- e. DGH based on MC recommendations will approve the option exercised by Contractor without payment of Cost of Unfinished Work Program.

**4.2. Procedures for evaluation of cases where contract area is reduced and the contractor agrees to continue exploration in the reduced contract area under Clause 3.1.(b) of policy dated 10.11.2014.**

- a. Contractor to submit proposal for continuation of exploration work in reduced contract area to DGH.
- b. DGH to examine the proposal and proportionally reduced the work program in 2D, 3D and also of drilling of wells rounded off to the nearest integer with a minimum number of one.
- c. DGH will submit its recommendation to Management Committee on the reduced Work Program proportionate to the reduced contract area.
- d. DGH based on MC recommendations will approve the reduced work program. Contractor to have freedom to choose the wells to be drilled.

**5.0. Environment Clearance:** Extant timelines for stages of Environmental Clearance (EC) is now reduced from 210 days to 180 w.e.f. April 2015. This duration is provided for various agencies to examine, assess and recommend/refuse the EC application as per the Environmental Impact Assessment (EIA) notification of September 2006 issued by MOEF&CC.

5.1. Timelines provided for EC are as follows:

No.	Activity	Timeline
i	Grant of Terms of Reference (TOR)	60 days (now 30 days)
ii	Public Hearing (P/H)	45 days
iii	Expert Appraisal Committee (EAC)	60 days
iv	Grant of EC by MOEFCC after EAC recommendation	45 days
<b>v</b>	<b>Total days for EC</b>	<b>210 days (Now 180 days)</b>

**In case, clearance is required under Coastal Regulation Zone (CRZ) Notification-2011, following additional task is involved**

Recommendations for CRZ clearance by State Coastal Zone Management Authority: 60days  
A consolidated environmental clearance letter is issued for EC+CRZ

**5.2. Reasonable time the contractor can take for completion/submission of requisite documents proposed as there are no timelines specified in EIA notification, 2006.**

No.	Task	No. of Days
i	Submission of complete application for seeking TOR	Zero date
ii	Reply to queries of MoEF&CC by contractor at TOR stage, if any	30 days
iii	Preparation of EIA after TOR and its submission for P/H	180 days
iv	Submission of Final EIA to MOEF&CC after P/H	30 days
v	Reply to queries and submission of additional documents to MOEF&CC after submission of final EIA after P/H, if any	60 days

- The days as at (ii) and (v) will be counted based on actual number of days but subject to maximum 30 days and 60 days respectively.
- Maximum Total days of reasonable time required/allowed to contractor for completion/submission of documents when all stages have been completed would be 300 (ii+iii+iv+v) days if there are queries as indicated at (ii) and (v).
- If there are no queries at any of these stages, the permissible days would 210 (iii+ iv)

**In case the contract area involves clearance under Coastal Regulation Zone (CRZ) Notification, 2011.**

Reasonable time the contractor can take for completion/submission of requisite documents proposed as there are no timelines specified in CRZ Notification 2011.

- Submission of application under CRZ notification to State Coastal Zone Management Authority: Zero Date.
- Reply to queries of SCZMA: 60days.

**5.3. Procedure for evaluation of cases by DGH of exit option applied for by contractor under clauses 3.1(e) and 3.2 of the policy due to delay in EC.**

**5.3.1. Procedure for cases to be examined under Clause 3.1 (e):**

5.3.1(a) The eligibility of contractor to exit without payment of LD shall be analysed based on following key requirements:

- Application for exit from the Contract(s) should be submitted to DGH by the contractor.
- Complete Compliance to the procedure for Environmental clearance as per EIA Notification of September 2006
- Submission of complete documents for different stages of clearance and the responses to queries raised/supplementary information
- No unreasonable gaps for completion/submission of documents for the process,

Apart from the above key requirements, time taken by the contractor for submission / completion of documents would be taken into consideration for deciding the cases of exit referred to DGH under policy. However, the onus of providing documentary evidence for delay in clearance and making the case for exit under the policy would rest with the contractor.

5.3.1.(b) Apart from the requirement of conditions stated at 5.3.1(a) above, the following needs to be fulfilled:

- (i) The delay in clearance should be more than 2 years from the date of submission of complete application. (Date of application for TORs),
- (ii) Application for exit should be made within 3 months of expiry of 2 years from date of submission of complete application,
- (iii) Contractor should have submitted the documents to MOEFCC within the reasonable time limits specified at para 5.2 above to get benefits of the clause and
- (iv) If contractor takes more time than the reasonable time allowed up to the relevant phase, detailed at 5.2, contractor will not be eligible for availing the benefits of the clause.

#### 5.3.2. **Procedure for cases to be examined under Clause 3.2**

The time for application for exit under para 3.2 is over on 9<sup>th</sup> February 2015. Apart from the requirement of conditions stated at 5.3.1(a) above, the following needs to be fulfilled:

- EC is delayed by more than 2 years as on 10<sup>th</sup> November 2014
- Delay in late submission of application for exit (beyond 9<sup>th</sup> February 2015) is condoned by the competent authority

Further, procedure as given at 5.3.1 (b) – (iii) and (iv) for consideration of cases under clause 3.1(e) will be followed.

#### 5.4. **Procedure for evaluation of cases where contractor has applied for exit option under clause 2.7 of Policy dated 11.04.2017 for CBM Blocks due to delay in obtaining EC**

5.4.1. In case of CBM blocks, all the requirements as mentioned in 5.3.1 will be applicable for evaluation of exit cases except para 5.3.1.(b)-(ii). However, Para 5.3.2 will not be valid for contracts of CBM blocks.

**6.0. Forest Clearance (FC):** If a proposal involves diversion of forest land for non-forestry purposes, prior approval of the Central Government is required under the Forest (Conservation), Act, 1980 and amendments made to it from time to time. The proposals for forest clearance are considered in two stages. Stage-I clearance is referred to as in-principle clearance and stage two clearance is the final clearance after which the work in the forest area can be undertaken.

- 6.1. Extant timelines as provided in the Forest (Conservation) Rules for different forest areas sizes for diversion of forest land required for any exploration & production related activities are as below:

<b>Stage-1</b>	
<b>Area</b>	<b>Days</b>
Up to 40ha area	195 days (120 days: State level + 75 days: Central level)
40-100ha	235 days (160 days: State level + 75 days: Central level)
More than 100 ha	310 days (180 days: State level+130 days: Central level)
<b>Stage-2</b>	
Up to 40ha area	95 days
40-100ha	95 days
More than 100 ha	95 days
<b>Total time provided for Forest clearance consisting of Stage-I &amp; Stage-II clearance:</b>	
<b>Area</b>	<b>Days</b>
Up to 40ha area	290 days (195+95)
40-100ha	330 days (235+95)
More than 100 ha	405 days (310+95)

(Detailed timelines are annexed as Annexure-I)

- 6.2. **Reasonable time the contractor can take for submission of requisite documents for FC application proposed as no specific timelines are detailed out in Forest (Conservation) Act, 1980 for this purpose**

<b>Stage-I clearance</b>	
<b>Task</b>	<b>No of days</b>
Submission of complete application as per FC Act	zero date.
Submission of additional/ supplementary information based on queries of State Forest Dept, if any	90 days
<b>Stage II clearance</b>	
Submission of compliance report of the conditions stipulated in Stage-I clearance	30 days
Submission of additional / supplementary information sought by State Forest Dept, if any	90 days

- 6.3. **Procedure for evaluation of exit cases under clauses 3.1(e) and 3.2 of the policy due to delay in Forest Clearance**

**6.3.1. Procedure for cases to be examined under Clause 3.1 (e):**

6.3.1.(a) The eligibility of contractor to exit without payment of LD shall be analysed based on following key requirements:



- (i) Application for exit from the Contract(s) should be submitted to DGH by the contractor.
- (ii) Complete Compliance to the procedure for forest clearance as per Forest (Conservation) Act, 1980 and Rules made there under.
- (iii) Submission of complete documents for different stages of clearance and the responses to queries raised/supplementary information
- (iv) No unreasonable gaps for completion/submission of documents for the process,

Apart from the above key requirements, time taken by the contractor for submission / completion of documents would be taken into consideration for deciding the cases of exit referred to DGH under policy. However, the onus of providing documentary evidence for delay in clearance and making the case for exit under the policy would rest with the contractor.

6.3.1.(b) Apart from the requirement of conditions stated at 6.3.1(a) above, the following needs to be fulfilled:

- (i) Delay in clearance should be more than 2 years from the date of submission of complete application for FC (Stage I)
- (ii) Application for exit should be made within 3 months of expiry of 2 years from date of complete application,
- (iii) Contractor should have submitted the documents to State Govt./ MOEFCC within the reasonable time limits specified at para 6.2 above to get benefits of the clause
- (iv) If contractor takes more time than the reasonable time allowed up to the relevant phase, detailed at 6.2, contractor will not be eligible for availing the benefits of the clause.

### **6.3.2 Procedure for cases to be examined under Clause 3.2**

The time for application for exit under para 3.2 is over on 9<sup>th</sup> February 2015. Apart from the requirement of conditions stated at 6.3.1(a) above, the following needs to be fulfilled:

- FC is delayed by more than 2 years as on 10<sup>th</sup> November 2014
- Delay in late submission of application for exit (beyond 9<sup>th</sup> February 2015) is condoned by the competent authority

Further, procedure as given at 6.3.1 (b) – (iii) and (iv) for consideration of cases under clause 3.1(e) will be followed.

### **6.4. Procedure for evaluation of cases where contractor has applied for exit option under clause 2.7 of Policy dated 11.04.2017 for CBM Blocks due to delay in FC**

6.4.1. In case of CBM blocks, all the requirements as mentioned in 6.3.1 will be applicable for evaluation of exit cases except para 6.3.1.(b)-(ii). However, Para 6.3.2 will not be valid for contracts of CBM blocks.

**7.0. Wildlife Clearance:** If a proposal involves oil and gas exploration and production activity in area of wildlife sanctuary/national forest or eco-sensitive zone around wildlife sanctuary/national forest, permission under Wildlife (Protection) Act, 1972 is required to be obtained. The process involves obtaining recommendation initially from standing committee of State Board for Wildlife (SBWL) chaired by Chief Minister of the concerned State. The proposal is then forwarded by Chief Wildlife Warden of the State to standing committee of the National Board for Wildlife (NBWL) chaired by In-charge Minister, Ministry of Environment, Forest and Climate Change for its recommendation. If the area involves wildlife sanctuary/national Park, the approval from Supreme Court of India is required for wildlife clearance based on recommendation of standing committee of NBWL.

**7.1. Broad Timelines provided for various agencies involved in Wildlife Clearance:**

Activity	Days
Time taken at State Board for Wildlife	145 days (Time taken may exceed depending upon the availability of Chief Minister of the state)
Time taken by National Board for Wildlife	35 days for presentation before the Standing Committee of NBWL, the meetings of which are generally convened once in three months

(Detailed timelines are annexed as Annexure-II)

**7.2. Reasonable time the contractor can take for submission of requisite documents for Wildlife Clearance as no specific timelines are detailed out in Wildlife (Protection) Act, 1972 for this purpose**

No.	Task	No. of days
i	Submission of complete documents for WL clearance	Zero date
ii	Submission of responses to queries/additional information, if any	90 days.
iii	Submission of responses to queries of NBWL, if any	90 days

**7.3. Procedure for evaluation of cases where contractor has applied for exit option under clause 3.1(e) and 3.2 due to delay in grant of Wildlife Clearance**

7.3.1.(a) The eligibility of contractor to exit without payment of LD shall be analysed based on following key requirements:

- (i) Application for exit from the Contract(s) should be submitted to DGH by the contractor.
- (ii) Complete Compliance to the procedure for Wildlife Clearance as per Wildlife (Conservation) Act, 1972
- (iii) Submission of complete documents for different stages of clearance and the responses to queries raised/supplementary information
- (iv) No unreasonable gaps for completion/submission of documents for the process,

Apart from the above key requirements, time taken by the contractor for submission / completion of documents would be taken into consideration for deciding the cases of exit referred to DGH under policy. However, the onus of providing documentary evidence for delay in clearance and making the case for exit under the policy would rest with the contractor.

7.3.1.(b) Apart from the requirement of conditions stated at 7.3.1(a) above, the following needs to be fulfilled:

- (i) Delay in clearance should be more than 2 years from the date of submission of complete application for WL clearance.
- (ii) Application for exit should be made within 3 months of expiry of 2 years from date of complete application,
- (iii) Contractor should have submitted the documents to State Govt/ MOEFCC within the reasonable time limits specified at para 7.2 above to get benefits of the clause and
- (iv) If contractor takes more time than the reasonable time allowed up to the relevant phase, detailed at 7.2, contractor will not be eligible for availing the benefits of the clause.

#### **7.3.2 Procedure for cases to be examined under Clause 3.2**

The time for application for exit under para 3.2 is over on 9<sup>th</sup> February 2015. Apart from the requirement of conditions stated at 7.3.1(a) above, the following needs to be fulfilled

- Wildlife Clearance is delayed by more than 2 years as on 10<sup>th</sup> November 2014
- Delay in submission of application for exit (beyond 9<sup>th</sup> February 2015) is condoned by the competent authority

Further, procedure as given at 7.3.1 (b) – (iii) and (iv) for consideration of cases under clause 3.1(e) will be followed.

#### **7.4. Procedure for evaluation of cases where contractor has applied for exit option under clause 2.7 of Policy dated 11.04.2017 for CBM Blocks due to delay in grant of Wild Life clearance**

7.4.1. In case of CBM blocks, all the requirements as mentioned in 7.3.1 will be applicable for evaluation of exit cases except para 7.3.1.(b)-(ii). However, Para 7.3.2 will not be valid for contracts of CBM blocks.

#### **8.0. Consent to Establish (CTE)/Consent to Operate (CTO) under the Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981 from respective State Pollution Control Board:**

8.1. The Air Act, 1981 and Water Act, 1974 provides 120 days (deemed clearance) for obtaining CTO/ CTE.

**8.2. Reasonable time the contractor can take for submission of documents for CTE/CTO as no specific timelines are detailed out in Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981 for this purpose**

Task	No of days
Submission of complete documents/forms as required under Acts for CTE/CTO	Zero date
Submission of clarification/additional information sought by SPCB, if any	90 days

**8.3. Procedure for evaluation of cases where contractor has applied for exit option under clause 3.1(e) and 3.2 due to delay in grant of CTE/CTO by State Pollution Control Board**

**8.3.1. Procedure for cases to be examined under Clause 3.1 (e):**

8.3.1.(a) The eligibility of contractor to exit without payment of LD shall be analysed based on following key requirements:

- (i) Application for exit from the Contract(s) should be submitted to DGH by the contractor.
- (ii) Complete Compliance to the procedure CTO/CTE
- (iii) Submission of complete documents for different stages of clearance and the responses to queries raised/supplementary information
- (iv) No unreasonable gaps for completion/submission of documents for the process

Apart from the above key requirements, time taken by the contractor for submission / completion of documents would be taken into consideration for deciding the cases of exit referred to DGH under policy. However, the onus of providing documentary evidence for delay in clearance and making the case for exit under the policy would rest with the contractor.

8.3.1.(b) Apart from the requirement of conditions stated at 8.3.1.(a) above, the following needs to be fulfilled

- (i) Delay in permission should be more than 2 years from the date of submission of complete application for CTE/CTO
- (ii) Application for exit should be made within 3 months of expiry of 2 years from date of complete application.
- (iii) Contractor should have submitted the documents to State Pollution Control Board within the reasonable time limits specified at para 8.2 above to get benefits of the clause and
- (iv) If contractor takes more time than the reasonable time allowed, as detailed at 8.2, contractor will not be eligible for availing the benefits of the clause.

**8.3.2. Procedure for cases to be examined under Clause 3.2:**

The time for application for exit under para 3.2 is over on 9<sup>th</sup> February 2015. Apart from the requirement of conditions stated at 8.3.1(a) above, the following needs to be fulfilled.

- CTE/CTO is delayed by more than 2 years as on 10 November 2014
- Delay in late submission of application for exit (beyond 9<sup>th</sup> February 2015) is condoned by the competent authority

Further, procedure as given at 8.3.1 (b) – (iii) and (iv) for consideration of cases under clause 3.1(e) will be followed.

**8.4. Procedure for evaluation of cases where contractor has applied for exit option under clause 2.7 of Policy dated 11.04.2017 for CBM Blocks due to delay in grant of CTE/CTO.**

8.4.1. In case of CBM blocks, all the requirements as mentioned in 8.3.1 will be applicable for evaluation of exit cases except para 8.3.1.(b)-(ii). However, Para 8.3.2 will not be valid for contracts of CBM blocks.

**9.0. Defence Clearance:** Guidelines for evaluating cases of delay in granting clearances from Ministry of Defence:

9.1. Till date, DGH is not in receipt of any request or application wherein contractor has exercised exit option from the block citing non-grant or delay in grant of clearance from Ministry of Defence (Army, Navy, Air Force, DRDO or their agencies). However, in case such an application is made by an E&P contractor, guidelines have been framed for examination of such applications.

9.2. Presently, clearances from Ministry of Defence is to be obtained by E&P contractors to work in the vicinity of International Border (IB), Line of Control (LoC), Line of Actual Control (LAC) or near a defence notified area, e.g. naval exercise areas, Defence Research and Development Organisation (DRDO) danger zones, etc.

9.3. In the extant case, DGH hasn't received any application under policy dated 10.11.2014 by 09.02.2015 for exit from contract due to non-grant of clearance from MoD. Thus, applications under Clause 3.2 are not permissible, however, contractor may still submit applications under Clause 3.1 (e) of policy. Hence, to evaluate exit cases due to inordinate delay / non-grant of MoD clearances under clause 3.1(e) of policy dated 10.11.2014 and under clause 2.7 of policy dated 11.04.2017, following procedure will be followed by Multi-Disciplinary Committee in DGH:

**9.4. Procedures for evaluation of exit cases under Clause 3.1(e) of Policy dated 10.11.2014 and under Clause 2.7 of Policy dated 11.04.2017 of CBM for delay/non-grant of clearance from Ministry of Defence (MoD).**

- a. Zero date will be the date of submission of completed application submitted to DGH

- b. Further a period of 30 days will be given to DGH for processing and forwarding the case to MoD.
- c. Reasonable period of three months will be allowed to contractor for response to MoD queries.
- d. For PSC blocks, under clause 3.1(e) of policy dated 10.11.2014, delay in grant of defence clearance should be more than 2 years from the date of submission of complete application and application for exit should be made within 3 months of expiry of 2 years from date of complete application.
- e. For CBM blocks, there should be minimum 2-year delay in grant of defence clearance. Post 2-years delay, contractor may exercise exit option any time after the two-year period.
- f. If clearance is not granted for more than 2 years, contractor may exercise exit option as per policy dated 10.11.2014 for PSC blocks and policy dated 11.04.2017 for CBM blocks.

**10.0. Petroleum Exploration License (PEL):** Pursuant to Clause 4 of PNG Rules-1959, Petroleum Exploration License is a pre-requisite to prospect for petroleum by any contractor. Clause 5 of PNG Rules, clearly mentions that for offshore areas Central Govt. will issue PEL and for onland areas state Govt. is vested with powers to issue PEL to the applicant. For all extant PSC contracts, the terms, covenants and conditions are clearly outlined in the signed contract with the Central Govt. The contract specifies that within 6 months of effective date, petroleum operation shall be commenced by the contractor within a contract. Accordingly, an contractor shall submit PEL application to Central/State Govt. These guidelines will evaluate if reasonable endeavour has been made by contractor to submit and follow-up the PEL application.

**10.1. Procedure for evaluation of cases of delay in grant or non-grant of Petroleum Exploration License from State Government for period more than two years.**

- a. Zero date will be the date of submission of complete application to MoP&NG/State Government concerned.
- b. Reasonable time of three (3) months will be provided for responding to queries, if any, raised by Centre/State Govt.
- c. For PSC blocks, under clause 3.1(e) of policy dated 10.11.2014, delay in grant of PEL should be more than 2 years from the date of submission of complete application and application for exit should be made within 3 months of expiry of 2 years from date of complete application.
- d. For CBM blocks, there should be minimum 2-year delay in grant of PEL. Post 2-year delay, contractor may exercise exit option any time after the two-year period.
- e. If PEL is not granted in more than two (2) years of zero date, exit will be allowed under Clause 3.1(e) of policy dated 10.11.2014 for PSCs and under clause 2.6 of policy dated 11.04.2017 for CBM blocks.

**11.0. General Procedure for submission of application to DGH and disposal of application for exiting the Block under clause 3 of the Policy dated 10.11.2014 and under Policy dated 11.04.2017 for CBM blocks.**

Following general procedure will be followed at DGH for scrutiny and disposal of cases received for exiting the block due to delay of more than 2 years in getting clearances:

- i. The contractor is required to submit the application for exiting the Block clearly indicating the Clause under which the exit requested along with the tasks performed for getting clearances with supporting documents.
- ii. Time taken by the contractor for completion of different tasks compared with the reasonable time provided in the SOPs.
- iii. Time taken by the approving authority, according to Contractor, at various stages, compared with the norm time provided for various clearances.
- iv. After receipt of complete proposal, the same would be processed by the concerned Nodal officer/ Coordinator. After approval by the Head of Department (HoD), the same would be placed before the Committee constituted in DGH for analysis of such cases.
- v. The Committee would examine the cases based on the approved SOPs and submit its recommendations including the need to refer the case to ECS, as per para 11(a) of the policy dated 10.11.2014 and as per para 2.10 of policy dated 11.04.2017, relating to condoning of delay in submission of application for exit.
- vi. Recommendations of the Committee would be submitted to DG, DGH for consideration and decision.

**C. Procedure for evaluation of cases under Clause (v) of Policy for extension in exploration phases under NELP and PRE-NELP PSCs dated 18.04.2006 and Policy dated 17.12.2007 for Extension of Exploration phases for E&P under CBM contracts**

- 1.0. Examining cases of 'Excusable delay' and 'Force Majeure' require delays that are and unfavourable conditions that may be demonstrable by the contractor. 'Demonstrable' in the policy term "demonstrable delays" will mean apparent delay by the authorities concerned beyond the prescribed norm time, if any, at various stages in granting permission, clearances, permits or approvals. The emphasis will be on the lost period i.e. period of inactivity for considering the period as Excusable Delay or Force Majeure. Consequential delays or resultant delays on account of some other delayed activity will not be considered as 'demonstrable' delays. The application will be processed based on the following:
  - 2.1. Date of complete/proper application to the approving authority: Zero date.
  - 2.2. Application for amendments/modifications and/or substitution in the existing/already granted EC or any other clearances/ permission will not be construed as submission of application unless accepted by the approving authority concerned.

- 2.3. Excusable Delays will be granted till the validity of the exploration phase. Delays beyond the validity date of phase, if any, would need to be regularised otherwise and not by way of grant of Excusable Delays.
- 2.4. Delays due to operational hazards like complications during drilling, stuck-up, equipment failure, accidents etc. will not be considered for grant of ED/FM.
- 2.5. Delays arising as a result of ignorance of law/rules/orders/circulars/policy decisions shall not be accepted for grant of ED/FM.
- 2.6. Delays in getting permissions for creating necessary infrastructure, support facilities, construction activities like Road, Jetty etc. will be considered.
- 2.7. Time norms for processing of cases at each stage of the process will be as defined under various clauses of these guidelines in Section-B. In case timeline is not available for any activity, the same shall be reasonably defined by the committee.
- 2.8. Force Majeure (FM) clause in the PSC (Article 31) will be interpreted by separately and differently treating the 'Cause' & 'Event' for the purpose of grant of FM.
- 2.9. While working out the admissibility of delays as ED, emphasis will be on the lost period of time for work due to such delays.



## Annexure-I

**Forest Clearance:** Following tables give the levels at which the forest diversion cases are considered with various thresholds and time allocated at each level for taking a decision at stage-I clearance (as per notification of 14<sup>th</sup> March 2014)

### Stage-I clearance

Time Lines for Processing of Forest Clearance Proposals in the State Govt./Union Territory administration

Level	5ha. (days)	5 to 40 ha.* (days)	40 to 100 ha. (days)	More than 100ha. (days)
Nodal Officer	10	10	10	10
DCF	30	30	45	60
District Collector for FRA				
CF	10	10	30	30
Nodal Officer / PCCF	10	20	25	30
State Govt.	30	30	30	30
Transit Period	20	20	20	20
<b>Total, days</b>	<b>110</b>	<b>120</b>	<b>160</b>	<b>180</b>

Time Lines for Processing of Forest Clearance Proposals in the Central Government

Level	5 ha. (days)	5 to 40 ha.* (days)	40 to 100 ha. (days)	More than 100 ha. (days)
Pre-inspection by MoEF/ RO to examine completeness	5	5	10	10
Site Inspection by RO	-	-	-	45
FAC	-	-	30	30
REC	-	30	-	-
Approval by Competent authority (CA)	20	-	30	30
Communication of approval of Competent Authority	5	5	5	5
Transit Period	-	-	-	10
<b>Total, days</b>	<b>30</b>	<b>40</b>	<b>75</b>	<b>130</b>

\*Including the proposals seeking diversion of forest land up to 5 ha for mining and regularisation of encroachments. Diversion of forest land for oil and gas sector activities under Forest (Conservation) Act, 1980 is covered under mining.

Following table gives the levels at which the forest diversion cases are considered with various thresholds and time allocated at each level for taking a decision at stage-II clearance (as per notification of 14<sup>th</sup> March, 2014).

<b>No.</b>	<b>From</b>	<b>To</b>	<b>Days</b>
1	Nodal Officer	DFO	5
2	DFO	User Agency	10
3	User Agency	DFO	30*
4	DFO	CF	15
5	CF	Nodal Officer	15
6	Nodal Officer	State Govt./UT	15
7	State Govt/UT	MoEF&CC/RO	15
8	MOEF&CC/RO	State Govt/UT	20
<b>Total, No of days</b>			<b>95</b>

**\* The user agency has been provided with time to submit compliance**

**The indicative timelines for various agencies involved in Wildlife Clearance**

<b>No.</b>	<b>From</b>	<b>Days</b>	<b>Comments</b>
1.	DFO/Wildlife Warden	5 30	1.Initial Scrutiny 2. After receipt of complete proposal
2.	Chief Wildlife Warden	20	
3.	Consultation with State Board for Wildlife (SBWL) and Recommendation of State Government	30*	The activity involves decision of the State Government, consultation with SWBL and thereafter recommendation of the State Government to MOEFCC enclosing the copy of the minutes of the SBWL  Therefore, this stage may take upto 90 days(3 months), as the SBWL is chaired by the Hon'ble Chief Minister
4.	MOEFCC	5 30	1.Initial Scrutiny 2.After receipt of complete proposal for NBWL
5.	Consultation with Standing Committee of National Board for Wildlife		Meetings of Standing Committee of National Board for Wildlife are ordinarily convened once in 3 months