

Clarification No.2 to NIO/ MRSC

S. No.	Reference Document	Reference Article	Query	Response
1	NIO	Chapter I, Clause III	Revenue Sharing - LRP (USD 0.1MM) and HRP (USD 2.00 MM) should be for onland, shallow water and Deep water fields	NIO provisions shall prevail
2	NIO	Chapter I, Clause -VI B	Why bid evaluation is done based on NOTIONAL revenue profile scenarios? Why not the evaluation is done based on the average of the LRP and the HLP, easy to understand?	The bidding parameters are evaluated against the standard assumptions in order to decide the relative positions of different Bidders.
3	NIO	Chapter I, Clause IV & VI	Financial Criteria relaxation only for bidding and not for Bid-Bond or subsequent Bank Guarantee after contract award.	NIO & MRSC provisions shall prevail
4	NIO	Chapter I, Clause-IV	More clarity on eligibility criteria is required.	Refer Clause IV, Chapter-1 of NIO
5	NIO	Chapter 1, Clause- IV /3	It is understood that intention of Govt is to encourage participation of Indian start-ups in the DSF rounds. As such, the inclusion of minimum Net worth requirements dampens the intention and the strategy. Most of the start-ups or the recently registered firms would be technically strong in E&P but would also be in the process of raising capital / fund. This qualifier for minimum Net worth should be triggered just prior to NoA (Notice of award) to allow a fair time for Indian start ups to raise capital for DSF 3 fields	NIO provisions shall prevail
6	NIO	Chapter 1, Clause- IV /3	If a bid is being given by a JV/consortium, why does each member need to have a Net worth of 1 million? The Net worth should be calculated on a consortium basis and apropos to the contract area they are collectively bidding for	Bid Qualifying Criteria & Bid Rejection Criteria are mentioned at Clause IV & V, Refer Chapter 1, of NIO.
7	NIO	Chapter1, Clause-IV/3	Request reduce net worth from US \$ 1 million to US \$ 0.5 million due to slow economic activity especially in the previous two years caused by current covid19 pandemic in order to enable more participation	NIO provisions shall prevail
8	MRSC	14.8	SRF – DSF operators should be allowed for start of keeping the fund after three years of commercial production in DSF fields.	Please refer clause 14.8 of MRSC
9	NIO	Chapter 1, Clause II/18	Clause - The maintenance/ Site restoration of the existing wells/ facilities as received would be the responsibility of the awardee, in line with the extant rules and regulation.  Modification - The maintenance/ Site restoration of the existing wells/ facilities as received and accepted/required by Contractor (at Contractor's discretion) would be the responsibility of the awardee, in line with the extant rules and regulation. Clarification/Justification - Contractor should be allowed to choose the wells and facilities for which it wants to take handover from ONGC/OIL. Contractor should only be responsible for the maintenance and site restoration of those wells and facilities for which they have taken handover (at discretion of Contractor). Contractor should not be	Provisions of NIO and MRSC Shall prevail.

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			responsible for bearing maintenance/site restoration of those wells/facilities for which Contractor has not taken handover. Language to this effect should also be included in MRSC.	
10	NIO	Clause- II/18	As per the NIO, site restoration shall be the responsibility of awardee for the “as received” wells and facilities. It is not clear if the as received facilities / wells/ pipelines would be used by awardee during monetization. As such, this should be waived off in the context explained.	Provisions of NIO and MRSC Shall prevail.
11	Others	Land Acquisition	Presumably ' Land Aquisition' formalities has to be done for each & every new well to be drilled. Whose scope would it be ?	Post award execution of all development activities, planning & execution will be responsibility of successful bidder.
12	Others	Land Acquisition	What is the procedure or guidelines for transfer of Land along with its relevant permission from the original owner to the awarded party.	Such issue require to be dealt with the existing law of the land.
13	NIO	Chapter 1, Clause-II/17	Likely amount for the Book Value Costs for blocks and its payment modality – upfront or in tranches	The Book Value, if any will be intimated before the date of start of bid submission through E-bidding portal. Refer Chapter-2 of NIO.
14	NIO	Chapter 1, Clause-II/17	Contract area wise Book Value, if any to be intimated Is the book value negotiable with ONGC or OIL as it is determined on “as is where is” Basis Dose this also include exploration cost/ cost of discovery also?	The Book Value, if any will be intimated before the date of start of bid submission through E-bidding portal. Refer Chapter-2 of NIO.
15	NIO	Chapter 1, Clause-II/17	Request for waiver of book value cost, onetime payment payable by bidder to ONGC/OIL	The Book Value, if any will be intimated before the date of start of bid submission through E-bidding portal. Refer Chapter-2 of NIO.
16	NIO	Chapter 1, Clause- IX/6	Payment of Book Value Cost a) The basis of determining commercial producibility of wells would be highly nebulous. The bidding company and original owners (ONGC /OIL) may have different versions, interpretations of the data points for declaring the commercially production status of the well	The Book Value, if any will be intimated before the date of start of bid submission through E-bidding portal. Refer Chapter-2 of NIO.
17	NIO	Chapter I, Clause IX/6	Payment of Book value cost to ONGC/OIL - Since it is subjective and the fields could not be developed by ONGC/OIL so to incentivize small operators, the Payment of Book value cost should not be charged to DSF operators.	The Book Value, if any will be intimated before the date of start of bid submission through E-bidding portal. Refer Chapter-2 of NIO.

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18	NIO	Chapter 2	Clause - Book Value, if any, will be intimated before the date of start of Bid Submission, i.e 1st August 2021. Any change in the indicated schedule shall be communicated subsequently. Modification required - No Book value should be payable (in line with DSF I and II) Book Value if any, will be intimated before the date of start of Bid Submission, i.e 1st July 2021. Modification - No Book value should be payable (in line with DSF I and II) Book Value if any, will be intimated before 1st July 2021. Clarification/Justification - It is requested that Book value should be NIL and if not NIL then it should be intimated on 1st July, 2021 as the same will impact the economics of the field for the Contractor which in turn will have an impact on the biddable terms of the tender. Request that this information be shared from the start to facilitate better economic analysis of the Contract Area on offer.	The Book Value, if any will be intimated before the date of start of bid submission through E-bidding portal. Refer Chapter-2 of NIO.
19	MRSC	1.38	Article: 1.38 Effective Date Effective date is defined as later of the contract execution date or date of issue of first license to any part of the contract area. In case the license of the remaining part of the contract area is not received in time the contractor may land up in a situation, where CWP is not completed & LD is attracted. Suggestion for consideration from operator: It is proposed to consider the issue of license for the entire contract area instead of first license issued to any part of the contract area	Provisions of NIO and MRSC Shall prevail.
20	MRSC	1.38	Modification to clause - "Effective Date" means the date on which the last of the statutory, regulatory, environmental clearance (including but not limited to EC,FC, CTE,CTO, PESO, DGMS etc.) required for commencement of petroleum operations in India as required by GOI (State and Central) is obtained by Contractor. Clarification/Justification - Contractor often spends an inordinate amount of time applying for and obtaining all regulatory and statutory clearances required for commencing operations. Invariably the tenure of development period (esp for onshore) is spent applying for licenses and actual petroleum operations often commence after the end pf the development period and during the Excusable Delay Period. By making Contract effective on the date on which EC is received, Contractor and GOI need not spend time in calculating and approving Excusable Delay. This will reduce administrative work.	Provisions of NIO and MRSC Shall prevail
21	NIO	Chapter I, Clause IX/15	Clearances - There must be a senior person dedicated in MoPNG to expedite the required clearances and co-ordinate with DSF operator. All clearances should be time bound. The contract areas offered under DSF are assumed to be biddable and developable. However, delay on account of clearances is affecting the operator and GOI also.	Provisions of NIO and MRSC Shall prevail.
22	MRSC	5.2	Modification - In case of a well drilled only partially, the Contractor shall pay Liquidated Damages stipulated to complete the partially drilled Well and where technical	Partial well shall be in respect of well depth committed in Field

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			basement or geological objective or point beyond which drilling becomes impracticable is reached, no LD is to be levied. Justification - Geological objective should take precedence over depth objective.	Development Plan and technical issues such as basement, geological objective etc. will be dealt appropriately as per the provisions of RSC.
23	MRSC	5.2	A situation of partially drilled well might come if drilling is not possible up to the target depth due to some sub-surface geological challenges. In this case, if exploration objectives are achieved in the partially drilled well too, then LD should not be imposed on the Contractor.	
24	MRSC	5.2	Any minimum Depth of Appraisal well is required and associated LD clause to be clarified	
25	Others	Incentive	Incentive for Enhanced Production – GOI should incentivize DSF operators if producing more than the FDP approved production profile. The differential production from approved profile should be shared 50:50 to the operator and GOI from LRP and HRP.	Provisions of NIO and MRSC Shall prevail.
26	Others	Incentive	Provide fiscal incentives for carrying out exploration / appraisal activities beyond the existing discoveries in the Contract Area	Provisions of NIO and MRSC Shall prevail.
27	MRSC	New Clause	Fiscal Stability clause in the contracts needs to be included in the MRSC	Provisions of NIO and MRSC Shall prevail.
28	MRSC	17.5	Consider providing relaxation to DSF operators on e-bidding requirements / tender requirements during start up production phase	Provisions of NIO and MRSC Shall prevail.
29	MRSC	19	Query: MRSC provides for valuation of Petroleum on basis of price arrived through competitive bidding on arm's length basis, or calculated/ prescribed by the Govt/ Govt nominated agency, Suggestion: Government's share of Revenue in RSC's should be based on actual price arrived through competitive bidding process on arm's length basis only.	Provisions of NIO and MRSC Shall prevail.
30	Others	Facility sharing	Is the Government developing any policy to facilitate access and sharing of common offshore infrastructure?	Bidders are required to carryout their own assessment based on existing policy framework.
31	Others	Facility sharing	In the information booklet against certain DSF fields the nearest processing facility from NOC has been indicated. i) In some cases no available capacity has been indicated , in others it is blank . Kindly confirm that in case it is left blank it is to be assumed that there is no spare capacity. ii) Will DGH / MoP&NG be indicating further availability / non availability of existing facilities which can be used ? a. If so will DGH/MoP&NG be issuing a separate guideline with indicative tolling and processing rates and indicative spare capacity?	Any spare processing capacity is subject to adequacy check study of future loads at the existing facilities. Indicative applicable Tolling & Processing Charges as intimated by NOCs, are being shared time to time.

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			b. Or will the bidder have to base his bid on assumption that they have to raise independent facilities for evacuation of hydrocarbons from both offshore and onshore areas in all cases.	
32	Others	Facility sharing	Provide with current ullage in the nearest available tolling facility and the applicable tolling rates	Any spare processing capacity is subject to adequacy check study of future loads at the existing facilities. Indicative applicable Tolling & Processing Charges as intimated by NOCs, are being shared time to time.
33	Others	Facility sharing	Will there be any sharing of Infrastructure & facilities allowed, if so, what kind facilitation	Any spare processing capacity is subject to adequacy check study of future loads at the existing facilities. Indicative applicable Tolling & Processing Charges as intimated by NOCs, are being shared time to time.
34	Others	Facility sharing	What are surface facilities available and their cost?	Any spare processing capacity is subject to adequacy check study of future loads at the existing facilities. Indicative applicable Tolling & Processing Charges as intimated by NOCs, are being shared time to time.
35	MRSC	11.1	Article 11.1: Transfer of existing PML to the successful bidders The Article 11.1 provides for transfer the existing PML's of ONGC/OIL to the successful bidders of the Contract area within 60 days of the execution of the Contract. In event the transfer is not completed within 60 days, then the issued License/Lease shall be terminated. However, the transfer of PML is seldom possible along with the clearances in 60 days and the existing License holders, like, ONGC encountered difficulties in the previous DSF rounds. Query/ Suggestion from operator: It is suggested that the Central Govt. may explore the possibility of issuing surrender letter/order to the existing Lease holders (ONGC, OIL) for the contract areas taken	Provisions of NIO and MRSC Shall prevail
36	MRSC	8.1d	Data Availability – DGH should own the responsibility for transferring the correct data to DSF operator within one month from the signing of RSC.	Refer Article-8 of MRSC

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37	MRSC	1.29	Delivery Point – There must be clarity on delivery point. Delivery point should be the point where product is delivered to the buyer irrespective of delivery point being within or outside the contract area.	NIO provisions shall prevail
38	MRSC	26.9	The Parties acknowledge that to obtain financing a Party (“Borrower”) will be required to secure for a permitted chargee the right to receive a copy of any notice served on the Borrower and the Parties agree that they shall serve a copy of any such notice on any such permitted chargee in accordance with the provisions of Article 35 at the same time as such notice is served on the Borrower. For the purposes of Article 35 the address for service of notices of the permitted chargee shall be that specified in the instrument or instruments referred to in Article 26.8(iii). Justification – Typo	Noted
39	NIO	Chapter 1, Clause-VIII	Request for extension of bid closing date from 31st Aug 2021 to 30 Nov 2021	Modified dates are available at DGH website
40	MRSC	12	Query : The clause helps to continue the Production by respective Contractors in their fiscal regime of Nomination, NELP or HELP in place of new Joint Development which may be questioned and challenged by revenue authorities. Suggestion: It needs to be clarified whether the said clause includes the case of Balancing Agreements where the Parties of two different blocks may mutually agree on continuation of production from respective Contract Areas based on third party reserve studies or as agreed between themselves	Provisions of NIO and MRSC Shall prevail.
41	MRSC	10.6	Implementation of Zero Gas Flaring – DSF operator if implementing zero gas flaring and monetizing it, then more than 80% of the revenue earned should go straightway to DSF operator and 20% should be considered for Revenue Sharing. It is facilitating and effort by DSF operator to keep the environment clean.	Provisions of NIO and MRSC Shall prevail
42	MRSC	3.3	Modification - Notwithstanding the above, upon prior recommendation of the Management Committee, the Government may grant upto two extensions of six (6) months each for the Contractor to commence production for reasons acceptable to Government provided Contractor extends the validity of Bank Guarantee where BWP is not completed, submitted pursuant to Article 27 for the period of extension sought and deliver to Government. Justification - Contractor should not be required to extend BG in case he has completed the BWP	Provisions of NIO and MRSC Shall prevail
43	MRSC	14.5	Whether delay in clearances would be added to the contract period?	Refer Article 14.5 of MRSC.
44	MRSC	15.4	GOI has defined R as average daily revenue in US Million Dollar, two clarifications required: Will the daily crude price as per international market norms used for average daily revenue? Conversion of USD to INR will be applied at the time of payment? or the daily USD to INR averaged monthly?	The primary currency in the Contract is USD. The valuation of petroleum will be carried out as per Article 19 of the MRSC. The RBI reference Rate

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				of the day of payment of Royalty and Revenue Share should be used
45	MRSC	26.2	Article 26.3 of the MRSC states that any change in control be approved by GOI in a manner similar to assignment of PI. Request relaxation the approval provisions	MRSC provisions will prevail
46	NIO	Chapter 1- Clause IV (3) and VI(1)	As per the Tender documents, it require net-worth certificate based on the audited annual accounts for the latest completed year, in our case net-worth is not available as per the requirement and turnover is nil, I need clarification that certificate of net-worth will be given as on 31st of March 2021 or as on current date?	Net-worth certificate is to be based on audited annual accounts. Net-worth certificate will be provided as on the last day of latest completed Financial year. It can be March or December, etc. as adopted by the Contractor.
47	NIO	Chapter 2, Chapter 3, Chapter 4	For conversion of USD to INR which date exchange rate will be taken	Exchange rate shall be as stipulated in NIO/e-bidding portal/MRSC
48	Others	EC	Essentiality Certificate – EC should be available to DSF operator within shortest possible time for all petroleum operations irrespective of material/services used within or outside the contract area.	The ECs are being issued for valid blocks as per the provisions of existing Customs/ GST Notifications.
49	Others		For conversion of USD to INR which date exchange rate will be taken?	Exchange rate shall be as stipulated in NIO/e-bidding portal/MRSC

*Note: Clarification/ response to remaining Pre-bid ' queries shall be issued later on.*