

**Speech by Honorable Minister of Petroleum & Natural Gas Shri Dharmendra Pradhan at
the Launch Event of “Discovered Small Fields Bid Round – 2016”
Hotel Ashok, New Delhi / 25th May, 2016**

Ambassadors and diplomats of different countries;
Senior officials from the Government of India;
Captains of the hydrocarbon industry;
Friends from the media;
Ladies and gentlemen;

Namaste and warm greetings to all of you.

Friends ever since I assumed the responsibility of Ministry of Petroleum & Natural Gas several people have been asking me as to when will be the next bidding round. However, with gradual understanding of the subject, we decided that we need to sort out anomalies in existing policies and introduce global best practices in Indian exploration and production sector. We also decided that we need to make a progressive policy which would be suitable to Indian geological situation while focusing on attracting private and foreign investment along with best technologies in the sector.

It is a very proud moment for me to address you all on this occasion of the launch of ‘Discovered Small Fields Bid Round – 2016’. It is also satisfying that this is happening on the eve of successful completion of two years of the Government.

Under the visionary leadership of Hon’ble Prime Minister Shri Narendra Modi, India has emerged as a bright spot in the global economy in last two years. Our annual growth rate today hovers around 7.6%, which is expected to rise even further, given the strong domestic economy and supportive policy environment. Our government remains committed towards achieving holistic, inclusive and sustainable high economic growth.

In line with the Prime Minister’s vision of ‘Minimum Government Maximum Governance’ the government has implemented comprehensive regulatory reforms across almost all socio-economic sectors to facilitate a high-growth in India.

India is currently the fourth largest consumer of petroleum products in the world in spite of having very low per capita consumption. According to the International Energy Agency, India is likely to contribute the most to the rise in global energy demand over the next 25 years —with a CAGR of over 3.5 %.

Friends, while we are laying stress on next-generation renewable and unconventional sources of energy generation, at the same time we know that conventional hydrocarbons would continue to play an important role in achieving our energy security objectives.

India liberalized its E&P regime almost two decades ago. In early 1990s, about 28 fields were offered to private and public investors. These auctions can be termed successful as they introduced ‘state of art technology’ in India and attracted significant private and foreign investments into E&P sector.

In late 1990s, India further liberalized its E&P sector with the introduction of New Exploration Licensing Regime (NELP) regime that allowed 100% FDI and offered a level playing field to private and national oil companies. The fiscal regime was based on Production Sharing Contract which implied sharing of revenues with government post recovery of cost by contractor.

Unfortunately, the PSC regime has witnessed several litigations and arbitrations, most of them related to issues emanating from key PSC provisions such as cost recovery, work programme, operational, administrative and regulatory inflexibility. Apart from adversely affecting India’s domestic oil and gas output, such disputes have also hurt India’s image as a serious E&P destination.

It is well recognized that despite liberalizing its E&P sector almost two decades ago, India has not completely unlocked its hydrocarbon potential. This is evident from the fact that out of the total oil and gas consumption of 226.3 Million Metric Tonnes, only 70.4 Million Metric Tonnes is produced domestically.

Hon'ble Prime Minister has posed a challenge before the oil industry of India to reduce import dependence of oil and gas by 10% by 2022. We realised that a course correction is the need of the hour to boost the sagging domestic oil and gas production. We are also convinced that a simplified and transparent administrative and regulatory setup has a huge role in fast-tracking developmental activities in hydrocarbon sector. Hon'ble Prime Minister himself held consultations with global oil and gas experts and best minds of India in January 2016. He had mandated us to bring in energy and fresh ideas to this sector while following the philosophy of Ease of Doing Business. The five principles that we are following are :

- Enhancing production
- Attracting investment
- Generating employment
- Transparency
- Minimising administrative discretion

It is with this view that the Government recently approved the “Discovered Small Field” policy with the objective of monetizing of hydrocarbon resources locked for years. Under this policy, we are offering 67 fields for bidding. All these fields are located in existing oil and gas producing basins, where oil or gas has already been discovered. Of these 67 fields, 36 are located in offshore while the balance 31 fields are in onland basins. Together, these 67 fields are estimated to hold in-place Oil plus Oil equivalent Gas reserves of 89 Million Metric Tonnes. The estimated recoverable reserves are of the order of 30 Million Metric Tonnes.

My colleagues have given you main features of the Policy. I would like to highlight the fact that we have already announced similar policies of pricing and marketing freedom, Revenue Sharing Model, Minimal role of Government in administering the contract etc in our HELP policy for future bidding rounds .

I want to underline that our sole objective in this effort is not to maximise government revenue but to facilitate maximisation of domestic production. I believe that all quantities of hydrocarbon - big or small - are crucial for India, which is otherwise heavily dependent on imports.

In addition to investment, we also look forward to your participation for the infusion of innovation, technology and better management.

The idea is to leverage national and international expertise to maximize the exploitation of new hydrocarbon finds. I wish that some of you end up expanding the hydrocarbon resource base multiple times from the current estimated level.

I am a firm believer of the immense intellectual capacity and entrepreneurial skills of our youth. This has been our biggest contribution to the world. I am hopeful that with the improved regulatory processes and initiatives like “Make-In-India”, “Ease of Doing Business” and “Start-up India”, young entrepreneurs and investors will make most of this opportunity to venture into the Indian Oil & Gas sector.

I would also like to bring to your attention that development of these small fields has been structured in a time frame. This is important as Government seeks to monetize these resources in the stipulated time. We are therefore interested in seeing that work on the discoveries is started in right earnest upon award to the successful bidder.

Our Government has created administrative and fiscal systems which are a lot simpler and transparent than previous ones. We have also tried to provide as much incentives and encouragement as possible within the mandate of the Government.

In order to facilitate the interested bidders, physical data centers with interpretation facility would be set up in Noida and various others international locations where prospective bidders can access the technical data of various contract areas on offer. I am also happy to share that our national oil companies, ONGC and OIL, have offered access to their facilities to prospective bidders on minimal chargeable basis.

With these thoughts, I sincerely call upon all industry stakeholders to participate in the Discovered Small Fields bid rounds and be a part of the new energy revolution in India. On our part, we are optimistic that this policy will increase crude oil and natural gas production in the country as well as investment flow in oil & gas sector. I assure you of all possible support from my Ministry, DGH and the Government of India in fructifying your endeavors.

Thank you. Jai Hind !!!