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India's Ministry of Petroleum and Natural Gas launched Wednesday a new bid round for investors to conduct exploration and production from discovered small oil and gas fields in the country, a plan reported by Rigzone in March, as the government attempts to boost domestic hydrocarbon production.

Dharmendra Pradhan, Minister of State for Petroleum and Natural Gas presided over the event to launch the "Discovered Small Fields Bid Round-2016" in New Delhi, including the technical information and e-bidding portals.

The Indian government under Prime Minister Narendra Modi has been stepping efforts to commence domestic petroleum production from 46 Contract Areas, comprising 67 different small oil and gas fields spread over 9 sedimentary basins located onshore and offshore, that have so far remained commercially undeveloped.

"Bids are being invited for developing and monetizing these contract areas having 625 million barrels of oil and oil equivalent gas in-place volumes spread over 579 square miles (1,500 square kilometers) in onland, shallow water and deepwater areas," the Indian government's Press Information Bureau said in a media release Wednesday.

The Directorate General of Hydrocarbons (DGH), the technical arm of the Ministry, will anchor the entire process in the bid round.

Pradhan said the latest bid round reflected India's move towards a new era of hydrocarbon production, driven by a forward looking Hydrocarbon Exploration and Licensing Policy (HELP) and a new fiscal model based on Revenue Sharing Contract. This new scheme is an enhancement compared to the previous New Exploration Licensing Policy (NELP) and Production Sharing Contract (PSC) regime as it addresses various industry concerns that contributed to a slowdown in upstream oil and gas investment over the last few years.

A single license for exploring all forms of hydrocarbons, graded system of royalty rates, pricing and marketing freedom for crude oil and natural gas were among the highlights under HELP. The new scheme was drawn up based on the principles of enhancing



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production, attracting investments, generating employment, transparency, and minimizing administrative discretion.

Pradhan said a "simpler and transparent administrative and fiscal system has been created ... (and he called) upon all industry stakeholders to participate in the bid rounds and be a part of new energy revolution in India."

The Ministry listed below some prominent and industry friendly features of the latest bidding round:

- single license to extract and exploit conventional and unconventional hydrocarbon fields
- new fiscal regime based on revenue sharing model
- operational autonomy and flexibility for unit development in case of reservoirs extending beyond contract area or for joint development of common infrastructure
- exemption of oil cess and custom duty
- full freedom for marketing and pricing for production from the awarded contract areas
- royalty in line with earlier NELP
- technical capability is not a pre-qualification criteria for bidding
- exploration allowed during entire contract period (20 years), which is mutually extendable for up to 10 years
- no restriction on exploration activity during the contract period
- information docket to be made available at e-bidding gateway
- physical data centers with interpretation facility would be set up in India and various others international locations where prospective bidders can access data
- user-friendly e-bidding portal and interactive video for easy navigation to be made available to bidders
- discovered fields to be offered with no upfront signature bonus

The Ministry said roadshows would be held at different parts of India and international venues to attract maximum interest from prospective bidders for the "Discovered Small Fields Bid Round-2016", and to encourage industry players to participate in the bid process.

Oil and gas discoveries in the 67 fields offered in the bid round were made by India's national oil companies (NOC). Last year, two NOCs, Oil and Natural Gas Corp. Ltd. and Oil India Ltd., surrendered 69 fields with about 89 million tons of hydrocarbon resources to the Indian government, Reuters reported May 20.

The International Energy Agency (IEA) forecast in its "India Energy Outlook 2015" report, launched in November 2015, that domestic consumption would rise to 10 million barrels of oil per day (MMbopd) by 2040, compared to 3.8 MMbopd in 2014. India's energy consumption is projected to grow strongly over the next 25 years due to rising incomes and population as well as increased urbanization and industrialization.

Chee Yew has covered the upstream and downstream sectors of the oil and gas industry in Asia for more than 15 years. Email Chee Yew at cheeyew.cheang@rigzone.com

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