

(To be published in the Gazette of India Part I, Section I)

Government of India  
Ministry of Petroleum and Natural Gas

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Shastri Bhavan, New Delhi

Date: 5<sup>th</sup> April, 2018

## RESOLUTION

**No. O- 31018/149/2016-ONG.III:** Government has initiated key reforms in the Upstream Hydrocarbon E & P Sector to increase domestic production of oil and gas. Marginal Field Policy (MFP) was notified on 14<sup>th</sup> October, 2015 to monetize marginal fields of Oil and Natural Gas Corporation (ONGC) and Oil India Limited (OIL) under nomination regime which remained undeveloped for a long period of time. This policy was subsequently renamed as Discovered Small Field (DSF) Policy which is now among country's flagship energy policies, in alignment with other initiatives for securing energy needs of the country.

The Government has decided to extend Discovered Small Field (DSF) Policy for fast-track monetization of un-monetized small fields / discoveries of ONGC & OIL under the nomination regime and relinquished discoveries under the PSC regime, remained un-monetized. Accordingly the DSF Policy is now being notified with the following salient features:

### **2. Single license for conventional and non-conventional hydrocarbons**

A single license will be provided to enable E&P operators to explore and extract all hydrocarbon resources covered under the Oilfields Regulation and Development (ORD) Act, 1948, and Petroleum and Natural Gas (PNG) Rules, 1959 under one PEL/PML. This will enable the contractor to explore conventional and unconventional oil and gas resources including CBM, shale gas/oil, tight gas, gas hydrates and any other resource to be identified in future which fall within the definition of "Petroleum" and "Natural Gas" under PNG rules, 1959.

### **3. No restriction on exploration activity during Contract Period**

The contractor will be allowed to carry out exploration activity during entire contract duration. Exploration will be at the sole risk and cost of the contractors.

### **4. Model for inviting the bids**

Bids will be invited for the Marginal Fields on a Revenue Sharing Contract (RSC) Model. To ensure viability of operations, it is proposed to cluster fields / discoveries, as may be required at the time of Notice Inviting Offer (NIO). This revenue sharing model will be based on a revenue-based linear scale. The contractor shall be

required to pay biddable Government share of revenue (net of royalty or post-royalty).

#### **5. Ease of Doing Business**

A simple and easy to administer contractual model in line with Government's efforts to promote 'Ease of Doing Business' requiring minimum regulatory burden for monetizing these fields has been developed.

#### **6. Crude Oil Pricing and Sale**

The contractor will be free to sell the crude oil exclusively in domestic market through a transparent bidding process on arms length basis. However, for the sake of calculation of Government revenue, the minimum price will be the price of Indian Basket of Crude Oil (currently comprising of Sour Grade (Oman & Dubai Average) and Sweet Grade (Brent Dated) of Crude Oil processed in Indian refineries) as calculated by Petroleum Planning and Analysis Cell (PPAC) on a monthly basis. If the price arrived through bidding is more than the price of Indian Basket of Crude Oil then the Government's take will be calculated based on the actual price realized.

#### **7. Natural Gas Pricing**

The contractor will have freedom for pricing and allocation of gas produced from a cluster / field / discovery on arms length basis. The Government share of revenue shall be calculated as per the Domestic Natural Gas Pricing Guidelines in vogue at relevant point of time. However, if the discovered price is more than the calculation based on the Domestic Natural Gas Price Guidelines issued by the Government from time to time, then the Government's take will be calculated based on actual price realized.

#### **8. Royalty**

Royalty rates applicable under Hydrocarbon Exploration Licensing Policy (HELP) regime will be adopted in this Policy.

#### **9. Oil Cess**

No oil cess shall be applicable on crude oil / condensate production from Discovered Small Fields.

#### **10. Customs Duty**

Exemption from custom duty will be provided on all machinery, plants, equipments, materials and supplies related to petroleum operations as applicable in HELP.

## **11. Mining Lease**

Current Mining Lease / License holder will be required to transfer/assign the Mining Lease (ML) or Petroleum Exploration License (PEL) along with all available clearances to the awardee of the area / Contractor, to the extent legally possible, or else the Contractor has to obtain the same. Lease / License rent / fees will be governed as per ORD Act 1948 and P&NG Rules 1959 as amended from time to time.

## **12. Contract Duration**

The contract duration for development and production from the offered Discovered Small Fields would be a maximum of twenty (20) years from the effective date (effective date is the date of PEL/ML grant/ transfer /signing of deed) or till the economic life of the field as submitted by bidder along with development plan in the bid, whichever is earlier, unless the Contract is terminated earlier in accordance with its terms, but may be extended upon mutual agreement between the Parties for a further period not exceeding ten (10) years. If the production of Crude Oil or Natural Gas is expected to continue beyond the end of the relevant period referred above, the Parties may agree to extend this Contract for a further period upon such terms as may be mutually agreed. The contract can be extended based on the provisions of the contract and extant GOI guidelines, if any. Contract can be terminated earlier by GOI if the production from the offered Discovered Small Fields ceases for a period of over one (1) year at any instance.

## **13. Empowered Committee of Secretaries:**

An Empowered Committee of Secretaries (ECS) will be constituted consisting of Secretary (Petroleum and Natural Gas), Secretary (Expenditure) and Law Secretary. Functions of ECS will include Finalizing and Approving of Model Revenue Sharing Contracts, Notice Inviting Offer (NIO) and other documents for all Discovered Small Fields Bid Rounds. ECS will conduct negotiations with the bidders, wherever necessary, and finalize and recommend the award of contracts for contract areas after successful bidding round.

14. The award of contracts will be approved by Minister of Petroleum and Natural Gas and Minister of Finance.

## **15. Management Committee**

A Management Committee (MC) will be constituted with representatives from Government / Directorate General of Hydrocarbons (DGH) and contractor.

**16. Eligibility for participation in bids**

National Oil Companies, Indian companies and foreign companies either alone or in joint venture can bid for the offered Discovered Small Fields. Up to 100% participation by foreign companies, joint ventures will be allowed.

**17. Site Restoration**

The site restoration fund shall be maintained by the contractor, as per the notified "Site Restoration Fund Scheme-1999", as amended from time to time. The activity of site restoration will be done as per applicable rules / standards / notifications.

**18.** The above DSF Policy is extended to 60 identified fields / discoveries as approved by the Government. The list of identified fields / discoveries is at **Annexure.**

**19.** The Government has also decided to extend the above stated DSF Policy for future bidding rounds. A Committee comprising of Additional Secretary / Additional Secretary & Financial Advisor (MoPNG), JS (Exploration, MoPNG) and Director General of Hydrocarbons, will identify Fields / Discoveries to be put on offer in consultation with CMD (ONGC) and CMD (OIL) for the future bidding rounds.

**20.** The decision herein contained will come into force with immediate effect and will remain in force until further orders.

(Diwakar Nath Misra)  
Joint Secretary to the Government of India

**ORDER**

Ordered that a copy of this Resolution be communicated to all the State Government /Union Territory Administration, Lok Sabha/Rajya Sabha Secretariat and the concerned Ministries and Departments of the Government of India.

2. Ordered also that the Resolution be published in the Gazette of India for information.

(Diwakar Nath Misra)  
Joint Secretary to the Government of India

To,

**The Manager,  
Government of India Press  
Faridabad**

**Copy to:**

1. President Secretariat, New Delhi.
2. Prime Minister's Office, South Block, New Delhi.
3. PS to Minister, P&NG, Shastri Bhawan, New Delhi.
4. Cabinet Secretariat, Rashtrapati Bhawan, New Delhi.
5. Ministry of Parliamentary Affairs, New Delhi.
6. Lok Sabha Secretariat, New Delhi.
7. Rajya Sabha Secretariat, New Delhi.
8. Comptroller and Auditor General of India, New Delhi.
9. NITI Aayog, New Delhi.
10. Ministry of Finance, North Block, New Delhi.
11. Ministry of Law and Justice, New Delhi
12. DG, DGH, Noida.
13. CMD, ONGC, New Delhi.
14. CMD, OIL, Noida.
15. All the State Governments & Union Territories.

(Diwakar Nath Misra)  
Joint Secretary to the Government of India

## ONGC DISCOVERIES IDENTIFIED FOR DSF POLICY BID ROUND- II

S. No.	Basin Name	Discovery Details			In-place as on 01.04.2016	
		Name	Year	Type	Oil/Cond MMt	Total Gas, BCM
1	Assam Shelf	Tiphuk	2004-05	Oil + Gas	0.40	0.11
2		Tulamura	2008-09	Gas	-	0.20
3		Hazarigaon	2008-09	Gas	-	0.30
4	KG Off (SW)	GS-48-1	2007-08	Gas	-	0.42
5		G-4-6	2008-09	Oil	44.10	2.60
6		GS-69	2009-10	Oil+Gas	0.30	0.80
7		GS-KW-5	2007-08	Oil	0.13	0.41
8		GS-KW-6	2009-10	Gas	1.22	2.78
9	KG Onland	Kaza	1985-86	Gas	0.02	0.01
10		Gokarnapuram	1998-99	Gas	0.1	0.03
11		Pendurru	2001-02	Gas	-	0.12
12		Turputullu	2005-06	Gas	0.1	0.01
13		Suryaraopeta-4	2006-07	Gas	-	0.2
14	Mumbai Offshore	SD-1	1988-89	Oil+Gas	0.90	4.52
15		B-192A	1991-92	Oil	1.93	0.30
16		D-33	2004-05	Oil+Gas	23.90	16.70
17		BNP-2	2008-09	Gas	-	0.70
18		SB-15	2008-10	Oil	4.62	2.19
19		SD-1-5	2009-10	Oil+Gas	0.70	2.43
20		BH-67	2011-12	Gas	-	0.24
21	Rajasthan	Chinnewala Tibba	2007-08	Gas	-	1.90
22		Chinnewala Tibba-2	2002-04			
		<b>Total</b>	<b>:</b>	<b>(115.39 mtoe)</b>	<b>78.42</b>	<b>36.97</b>

## OIL DISCOVERIES IDENTIFIED FOR DSF POLICY BID ROUND- II

S. No.	Basin Name	Name	Year	Oil/Cond (MMt)	Gas (BCM)
1	Assam	South Rajgarh	1994	1.48	-
2	Assam	Madhakali	2010	0.23	-
3	Assam	Umatara	2010	3.37	-
4	Assam	Haldibari	2001	0.05	-
5	Assam	Disaijan	2009	0.98	-
<b>Total</b>				<b>6.11</b>	<b>-</b>

## PSC REGIME DISCOVERIES IDENTIFIED FOR DSF POLICY BID ROUND- II

S. No.	Basin	Block Name	Status	Discovery Name	Discovery Year	Block Operator	Oil/Gas	Initial In-place (O+OEG), MMT
1	Cambay	CB-OS/1	PFR	GULF-A	2008-09	ONGC	Oil	4.98
2		CB-ONN-2004/2		Vadatal-10	2014-15	ONGC	Oil	0.09
3				Vadatal-11	2014-15	ONGC	Oil	0.218
4				CB-ONN-2009/5	NTPC-A1	2016-17	NTPC	Oil
5		Sanganpur		Sanganpur	2006-07	HDCPL	Oil	0.858
6		CB-ONN-2003-1		D-45	2009-10	RIL	Gas	0.008
7	Mahanadi	NEC-OSN-97/2		D-9	2004-05	RIL	Gas	5.15
8		NEC-OSN-97/2		D-10	2004-05	RIL	Gas	1.08
9		NEC-OSN-97/2		D-11	2004-05	RIL	Gas	6.48
10		NEC-OSN-97/2		D-15	2004-05	RIL	Gas	1.78
11		NEC-OSN-97/2		D-20	2005-06	RIL	Gas	0.44
12		NEC-OSN-97/2		D-21	2005-06	RIL	Gas	1.61
<b>Total</b>								<b>31.57</b>

**REMAINING DISCOVERIES OF DSF BID ROUND 2016 FOR DSF POLICY BID ROUND-II**

S. No.	Location Area	Field	Discovery Year	Initial In-place	
				Oil	Gas(SG+FG)
				MMt	BCM
1	Mumbai Offshore	NMT	2003-04	-	5.49
2		PER	2010-11	2.14	0.93
3		B-163	1990-91	-	0.14
4		B-14	2000-01	-	0.07
5		C-37	1994-95	-	1.33
6		C-43	1995-96	-	0.30
7		D-18	1985-86	14.78	2.06
8	Mumbai Offshore	CA	1986-87	1.93	3.51
9		SD-14	1989-90	0.05	0.04
10		CD	1986-87	-	0.07
11		ED-4	2000-01	0.03	-
12		SD-4	1988-89	0.15	0.18
13		TP	1999-00	-	0.33
14		D-12	1981-82	-	0.61
15	D-31	2000-01	3.78	0.53	
16	Kutch Offshore	GK-39	2000-01	-	0.05
17	Krishna Godavari (Offshore)	GS-70	2011-12	0.4	0.45
18		YS-5	2008-09	-	1.69
19	Krishna Godavari (Onland)	Lankapalem	1995-96	-	0.22
20		Mummidivaram	1992-93	-	0.09
21		Palakollu	1986-87	-	0.23
<b>Total (41.58 mtoe)</b>				<b>23.26</b>	<b>18.32</b>