

Award Process for NELP blocks

Under New Exploration Licensing Policy (NELP), no preference was given to any company either Foreign/Indian Private Company or Public Sector Company. All bidders had to compete with each other on equal footing. Exploration blocks were awarded through International Competitive Bidding process in a transparent manner based on the quantified Bid Evaluation Criteria (BEC) having 100 Points. The bid evaluation criteria was modified under different NELP bidding rounds based on the feedback received from the stakeholders and the Government's perspective to attract more investors for bidding. The main parameters of BEC were – i) committed minimum work programme (MWP) in terms of 2D seismic, 3D seismic and exploratory wells, ii) Fiscal package (biddable profit petroleum and cost recovery limit). The bidders giving higher MWP and higher share of profit petroleum to the Government are the winner of exploration Blocks. In case of deepwater blocks, technical capability is also part of bid evaluation criteria. As an example, the BEC for the ninth round of NELP bidding, viz. NELP-IX, are as under:

Table : Bid Evaluation Criteria Under NELP-IX

Criterion	NELP-IX		
	On-land Type-S Block	Other Onland blocks & shallow water blocks	Deepwater blocks
Technical Capability	Nil	Qualifying	25
Work Programme	50	50	25
Fiscal Package	50	50	50
Total	100	100	100

Note:

- i) For onland and shallow water blocks except Type-S blocks, technical capability is the qualifying criteria.
- ii) In case of Type-S onland blocks (area less than 200 Sq. km), bid evaluation was made on work programme and fiscal package parameters only. Technical capability was neither qualifying criterion nor a bid evaluation criterion for Type-S blocks.
- iii) In order to attract multiple and experienced players in deepwater, higher weightage points has been assigned to deepwater experienced players.

Fiscal Package

- i) Bidders were evaluated on the basis annual cost recovery Limit and profit share to Government at two tranches.
- ii) Profit Petroleum to be computed based on assumed CAPEX, OPEX and Production Profile for each block and Price and production profile scenarios as per weightages. All assumptions would be made available to bidders.
- iii) Net present value (NPV) of Government profit petroleum were computed after a discount of 10% over project life. Crude oil price of US\$ 90/60/30 per barrel and gas price of US\$ 200/150/100 per thousand cubic metres for high/most likely/low price scenarios (US\$ 5.5/4.2/2.8 per MMBTU).
- iv) Bidder offering highest profit share to Government as per above will get maximum points and others will get proportionate points.

Under NELP, Production Sharing Contracts (PSCs) for 254 exploration blocks have been signed for blocks awarded in onland, shallow water and deepwater areas. The details of the nine NELP bidding rounds are given below:

Table : Exploration Blocks awarded under 9 rounds of NELP

Parameter	NELP I	NELP II	NELP III	NELP IV	NELP V	NELP VI	NELP VII	NELP VIII	NELP IX
No. of Blocks Offered	48	25	27	24	20	55	57	70	34
No. of Blocks Bid for	28	23	24	21	20	52	45	36	33
No. of Bids Received	45	44	52	44	69	165	181	76	74
No. of blocks awarded	25	23	23	21	20	52	44	34	19
No. of PSCs signed	24	23	23	20	20	52	41	32	19

NELP bidding rounds have attracted many private and foreign companies in addition to PSUs. Before the NELP, a total 35 E&P Companies (5 PSUs, 15 Private and 15 Foreign) were working in Nomination and Pre-NELP regime. After the conclusion of nine rounds of

NELP bidding, the total number of companies has increased to 117 (11 PSUs, 58 Private and 48 foreign Companies as Operators and Non-operators/Consortium Partners).

IOC, GAIL, BPCL and their subsidiaries like Bharat Petro Resources Ltd (Subsidiary of BPCL), Prize Petroleum Company Limited (Subsidiary of HPCL), have participated in various NELP bidding rounds and have been awarded exploration blocks in India. In addition to CPSE, GSPC have participated in various NELP bidding rounds and have been awarded exploration blocks in India.

Under the nine rounds of NELP bidding held so far, the committed exploration investment is about US\$ 11.73 billion. As against this an investment to the tune of US\$ 12.51 billion has been expended by the contractors for exploration activities mainly, 2D/3D seismic survey and exploratory drilling in the awarded blocks. In addition, about US\$ 8.81 billion has been incurred by the contractors for carrying out development activities mainly, drilling and setting of production facilities. The details of NELP investments are as under:

Table : Investment under NELP (US\$ Million)

NELP Committed Investment		Actual Investment as on 30.07.2013		
NELP Rounds	Exploration Investment Commitment	Actual Exploration Investment	Actual Development Investment	Total Investment
NELP-I	1082.23	3629.38	7580.85	11210.23
NELP-II	775.41	813.71	33.13	846.84
NELP-III	978.18	3132.17	1197.61	4329.78
NELP-IV	1135.05	1822.02	0.35	1822.37
NELP-V	847.22	752.18	-	752.18
NELP-VI	3570.00	1922.38	-	1922.38
NELP-VII	1504.61	317.01	-	317.01
NELP – VIII	1102.25	122.67	-	122.67
NELP-IX	733.66	-	-	-
Total	11728.61	12511.52	8811.94	21323.46