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F.No. O-19025/10/2005- (Pt)ONG-D- Vol-III (C.No.9764)
Government of India
Ministry of Petroleum & Natural Gas
Shastri Bhawan, New Delhi,

Dated 19th July, 2010

To

Shri S.K. Srivastava
Director General
Directorate General of Hydrocarbons
C-139, Sector-63
Noida- [UP] 201301

Subject: Grant of Rig Holiday in Deepwater Blocks and implementation issues under Production Sharing Contract (PSC) regime- reg.

Sir,

I am directed to refer to the subject cited above and to say that Government has approved the following proposal in respect of 30 deepwater blocks (except for GK-OS/3 block) as per enclosed list:-

[i] A drilling moratorium of 3 years starting from 1st January, 2008 to 31st December 2010 may be granted to deepwater block PSCs signed upto NELP-V where drilling commitments (except for development drilling) are existing as on 1st January, 2009 (total of 31 exploration blocks). Hence, all relevant PSCs will get restructured with the present phase to be extended to 31. 12.2010. Thereafter, the contractor may be given the option to avail the balance exploration period, if any; and to seek extension as per the provisions of the respective PSCs and under the extant Extension Policy to the extent of the period not exercised earlier by the contractor in the current exploration phase, by depositing relevant Liquidated Damages (LD) and furnishing Bank Guarantees (BGs) in accordance with the extension policy. Thereafter, the next phase would resume. No further relaxation in respect of time extension for fulfilling the drilling commitment in the current phase will be given and all obligations under the PSC will follow.

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[ii] This policy will apply to all types of drilling, viz. exploratory and appraisal drilling where commitments are pending as on 1st January, 2009. This relaxation will not be available for Development drilling as it would delay production from established reserves.

[iii] For all the deepwater blocks where normal exploration phase has already expired with unfulfilled drilling commitments and companies have not opted to enter the next phase, normal provisions of PSCs/extension policy will apply and contractors will be required to regularize the intervening period, if any, by seeking normal extensions till the date of effective date of the proposed relaxation. Hence, all provisions/conditions of extension policy will apply including payment of cash payment/ LD, if any, including relinquishment provisions etc, depending upon the extant extension policy.

[iv] DGH would regularly monitor availability/tie-up of the rigs in close coordination with the contractors with respect to an agreed milestone so that the drilling commitments are completed within the respective exploration phase after grant of rig moratorium.

[v] The extended period will cease when the committed drilling programme (including additional drilling) gets over and the extant provisions of the PSC will resume.

[vi] Normal provisions of PSC with regard to submission of Guarantees will be applicable for unfinished minimum work programme during the drilling moratorium period.

[vii] Contractor has to pay the PEL fee during the drilling moratorium period.

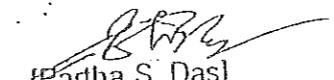
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[viii] In case contractor fails to complete the drilling commitment at the end of the said moratorium period, the contractor would be required to deposit the money equivalent to the cost of un-finished work programme including any additional exploration work programme (in line with the PSC, the extant guidelines / policy in place for determination of amounts of such unfinished work programme) along with interest, in case the relevant exploration Phase duration & maximum extension as per Extension Policy has already been availed. The interest rate would be charged as per the (SBI PLR) (Prime Lending Rate) plus 2% instead of the interest rate of LIBOR + 2% provided in Section 1.7 of the Accounting Procedure under the PSCs. This interest rate will be applicable from the date of start of the drilling holiday, till the date of payment by the Contractor. As the governing currency for the purposes of accounting under the PSC is US Dollars, the liability for the unfinished work programme under this dispensation shall be converted into equivalent Indian Rupees only for the purpose of levy / calculation of interest at SBI PLR + 2%. (The SBI PLR + 2% will be applicable only for the purpose of dispensation under drilling moratorium.) Other obligations under the PSC will be as per provisions of the Accounting Procedures including the applicability of the interest rate provided in the PSCs.

[ix] Any other consequential issue, which may arise during the implementation of this dispensation, shall be decided by the Government.

2. You are, therefore, requested to take immediate action for implementation of the above decision of the Government, under intimation to this Ministry.

Yours faithfully,


[Partha S. Das]
Director (Exp-II)

Encl: As above.

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Annexure

Deepwater Blocks Eligible for Rig Holiday

S. No.	Block Name (Operator)	Present Phase	Effective Date (Validity of Phase)	Work programme status of existing phases as on 01.01.2008		Remarks
				Wells	Wells	
				Committed	Completed	
1	KG-DWN-98/2 (ONGC) Discovery Block	III	12.04.2004 (11.04.2008)	Committed	1+3 (App.)	<input type="checkbox"/> Block is under Appraisal with extension from 17.07.2007 upto 16.07.2010 for Northern Discovery Area and from 23.12.2006 to 22.12.2009 for Southern Discovery Area.
				Completed	1+0 (App.)	
				Balance	3 (App.)	
2	KG-DWN-98/4 (ONGC)	III	19-05-2000 (18.05.2008)	Committed	1+1 (Addl.)	<input type="checkbox"/> Contractor plans to drill one additional exp. Well reviewed by MC in Feb 2007
				Completed	1+0 (Addl.)	
				Balance	1 (Addl.)	
3	KG-DWN-98/5 (ONGC)	III	19-05-2000 (18.05.2008)	Committed	1	
				Completed		
				Balance	1	
4	MN-DWN-98/3 (ONGC) Discovery Block	III	19-05-2000 (18.05.2008)	Committed	1+6 (App.)	<input type="checkbox"/> Under Appraisal Period up to 18.08.2010
				Completed	1+0 (App.)	
				Balance	6 (App.)	

5	CY-DWN-2001/1 (ONGC)	I	12.03.2003	Committed	3	2nd Extension till 11.03.2008 taken by depositing BG & LD
			(11.03.2007)	Completed	-	
				Balance	3	
6	KK-DWN-2001/3 (ONGC)	I	12.03.2003	Committed	1	2nd Extension till 11.03.2008 taken by depositing BG & LD
			(11.03.2007)	Completed	-	
				Balance	1	
7	AN-DWN-2002/1 (ONGC)	I	17.03.2004	Committed	2	1 st extension of 6 months availed upto 16.09.2008
			(16.03.2008)	Completed	-	
				Balance	2	
8	AN-DWN-2002/2 (ONGC)	I	17.03.2004	Committed	1	1 st extension of 6 months availed upto 16.09.2008
			(16.03.2008)	Completed	-	
				Balance	1	
9	KG-DWN-2002/1 (ONGC)	I	17.03.2004	Committed	4	1 st extension of 6 months availed upto 16.09.2008
			(16.03.2008)	Completed	1	
				Balance	3	
10	KK-DWN-2002/2 (ONGC)	II	17.03.2004	Committed	1	
			(16.03.2010)	Completed	-	
				Balance	1	
11	KK-DWN-2002/3 (ONGC)	II	17.03.2004	Committed	1	
			(16.03.2010)	Completed	-	
				Balance	1	
12	MN-DWN-2002/1 (ONGC)	I	17.03.2004	Committed	3	1 st extension of 6 months availed upto 16.09.2008
			(16.03.2008)	Completed	-	
				Balance	3	
13	MN-DWN-2002/2 (ONGC)	I	17.03.2004	Committed	2	1 st extension of 6 months availed upto 16.09.2008
			(16.03.2008)	Completed	-	
				Balance	2	

14	NEC-DWN-2002/2	I	17.03.2004	Committed	4	1 st extension of 6 months availed upto 16.09.2008
	(ONGC)		(16.03.2008)	Completed	1	
			Balance	3		
15	AN-DWN-2003/1	I	05.12.2005	Committed	1	
	(ONGC)		(04.12.2009)	Completed	-	
			Balance	1		
16	MN-OSN-2000/2	III	16.08.2001	Committed	2	
	(ONGC)		(05.02.2010)	Completed	1	
			Balance	1		
17	MN-DWN-98/2	II	07.06.2000	Committed	2	1st extension of 6 months upto 6.03.2008 taken
	(RIL)		(06.09.2007)	Completed	1	
			Balance	1		
18	KG-DWN-98/1	ii	07.06.2000	Committed	2+2 (App.)	Appraisal well -2
	(RIL)		(19.02.2008)	Completed	2 + 0 (App.)	
	Discovery Block		Balance	2 (App.)		
19	KG-DWN-98/3	III	07.06.2000	Committed	4+4 (App.)	Appraisal Well- 4 Development Well-32
	(RIL)		(15.07.2008)	Completed	10 + 0 (App.)	
	Discovery Block		Balance	0+4(App.)		

20	CY-DWN-2001/2	1	03.04.2003	Committed	3+2 (App.)	Appraisal Well - 2 Appraisal period from the date of notification from (11.07.2007 - 10.07.2010)
	(02.10.2007)		Completed	3 + 0 (App.)		
	(RIL) Discovery Block			Balance	2 (App.)	
21	CY-PR-DWN-2001/4	1	03.04.2003	Committed	1 (Addl.)	Contractor has planned to drill one Addl. Exp. Well. 1st extension of 6 months availed upto 2.10.2007. Proposal for grant of 90 days extension on account of excusable delays upto 31.12.2007
	(02.10.2007)		Completed			
	(RIL)			Balance	1 (Addl.)	
22	CY-PR-DWN-2001/3	1	03.04.2003	Committed	1 (Addl.)	Contractor has planned to drill one Addl. Exp. Well. 1st extension of 6 months availed upto 2.10.2007. Proposal for grant of 90 days extension on account of excusable delays upto 31.12.2007
	(02.10.2007)		Completed			
	(RIL)			Balance	1 (Addl.)	

23	PR-DWN-2001/1 (RIL)	03.04.2003 (02.10.2007)	Committed	3	1st extension of 6 months availed upto 2.10.2007. Proposal for grant of 90 days extension on account of excusable delays upto 31.12.2007.
			Completed	-	
			Balance	3	
24	KK-DWN-2001/1 (RIL)	03.04.2003 (02.10.2007)	Committed	1	1st extension of 6 months availed upto 2.10.2007. Proposal for grant of 90 days extension on account of excusable delays upto 31.12.2007.
			Completed	-	
			Balance	1	
25.	KK-DWN-2001/2 (RIL)	03.04.2003 (02.10.2007)	Committed	1	1st extension of 6 months availed upto 2.10.2007. Proposal for grant of 90 days extension on account of excusable delays upto 31.12.2007.
			Completed	-	
			Balance	1	
26.	KG-DWN-2001/1 (RIL)	03.04.2003 (02.10.2007)	Committed	4	1st extension of 6 months availed upto 2.10.2007. Proposal for grant of 90 days extension on account of excusable delays upto 31.12.2007.
			Completed	-	
			Balance	4	
27.	KG-DWN-2003/1 (RIL)	05.12.2005 (04.12.2009)	Committed	6	
			Completed	2	
			Balance	4	

No.	Block Name (operator)	Present Phase	Effective Date (Validity of Phase)	Work Programme Status of Existing Phase as on 01.01.2008 Wells (opt. Attr. + Dwp. (01.01.08))		Remarks.
				Committed	Additional-1	
28.	NEC-DWN-2002/1 (RIL)	I	18.03.2004 (17.09.2008)	Committed	NIL Additional-1	Based on geological model, contractor may plan to drill exploratory well
29.	MN-DWN-2003/1	I	05.12.2005	Committed	3	
	(RIL)		(04.12.2009)	Completed	-	
				Balance	3	
30.	AN-DWN-2003/2 (ENI)	I	05.12.2005	Committed	3	
			(04.12.2009)	Completed	-	
				Balance	3	