

File No. O-23012/8/2013-ONG-I
Ministry of Petroleum & Natural Gas
Exploration Division

Dated: 27.12.2013

OFFICE MEMORANDUM

Subject: Codification of Good International Petroleum Industry Practices for E&P Sector

Production Sharing Contract (PSC) prescribes adoption of the Generally accepted International petroleum practices or international petroleum standards in carrying out petroleum operations efficiently, safely and in an environmentally sustainable fashion. Standards notified by industry bodies such as American Petroleum Institute (API), Society of Petroleum Engineers (SPE), World Petroleum Congress (WPC), etc. are being followed by international exploration & production companies for petroleum operations. In the absence of codification of such standards by DGH, enforcement and adherence to the GIPIP is fraught with subjectivity and prone to unnecessary disputes. Codification of these standards will render objectivity to the decisions of the regulator, operator and other stakeholders. Further, such a code will impart stability to contract management under the PSC regime.

2. Rangarajan Committee has also recommended codification of GIPIP in their "Report of the Committee on the PSC Mechanism in Petroleum Industry" stating that "Codification of Good International Petroleum Industry Practices (GIPIP) that are of relevance in the Indian geological set-up is required to be taken up at the earliest. This may resolve the issues facing the contractors regarding ambiguities in technical and safety related aspects."

3. In this regard, a proposal was sent by DGH for setting up a Committee for codification of GIPIP. The proposal of DGH has been considered by the Government and a "Standing Committee on Petroleum Industry Practices" is hereby constituted under the Chairmanship of Director General, DGH. The composition of the Standing Committee on Petroleum Industry Practices for E&P sector is as under:

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|--|------------|
| i) Director General, DGH | - Chairman |
| ii) Joint Secretary (Exploration), MOPNG | - Member |
| iii) Advisor(Finance), MOPNG | - Member |
| iv) Adviser(Energy), Planning Commission | - Member |
| v) Director (Exploration), ONGC | - Member |

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| vi) | Nodal officer, NELP, MOD | - Member |
| vii) | Joint Secretary, MOEF | - Member |
| viii) | Two representatives from AOGO | - Members |
| IX) | Representative of DGH to be nominated by DG, DGH | - Member Secretary |

4. The Standing Committee on Petroleum Industry Practices will have the following terms of reference:

- i. To identify the areas requiring codification of GIPIP.
- ii. Preparation of national codes for petroleum operations
- iii. Review of the code every two years to update in line with evolution of international standards.

5. For the achievement of the above objective, the Chairman of the Standing Committee is authorized to appoint consultants, as required as per due procedure.

6. The Standing Committee shall complete the first exercise of codification within a period of three months. Expenditure on account of the Committee will be borne by the DGH from its budget.

5. This issues with the approval of Minister for Petroleum & Natural Gas.

(Rakesh Mishra)
Under Secretary to the Government of India
Tel: 23385557

Copy to:

1. Director General, DGH, Noida
2. Advisor(Finance), MOPNG
3. Adviser(Energy),Planning Commission, N. Delhi
4. Joint Secretary, MOEF, Paryavaran Bhawan, N. Delhi
5. Joint Secretary (Exploration), MOPNG
6. Director (Exploration), ONGC, N. Delhi
7. Nodal officer, NELP, MOD, South Block, N. Delhi.
8. Secretary, AOGO