

Discovered Small (Marginal) Field Policy: *DSF*

To reduce the import dependency of hydrocarbons & to effectively exploit the untapped established reserves Marginal Field Policy was announced. The policy was later rechristened to Discovered Small Field Policy (DSF), under the broad policy framework of the new Hydrocarbon Exploration and Licensing Policy (HELP). DSF policy offers discovered acreages for investors with low risk & several liberal features which are as follows:

- Revenue Sharing Contract (RSC): In line with the vision of “ease of doing business” a simple and easy way to administer contractual model of revenue sharing is introduced wherein the government’s take is based on bid revenue share. Following are the advantages of RSC:
- Operational autonomy to developers and reduced micromanagement by the Government.
- Government of India need to audit only production and revenue of the contractor.
- Less disputes between the government and the operator leading to faster approvals.
- With revenue being shared with Government from the first day of production, the operator would focus on reducing its cost.
- Single license for Conventional & Nonconventional hydrocarbon: Single license to explore and extract all hydrocarbon resources, including CBM, Shale gas/oil, tight gas, gas hydrates and other resources to be identified in future.
- No restriction on exploration activity during contract period: Contractor will be allowed to carry out exploration during entire contract duration.

- Eligibility for Bidding: Up to 100% participation by foreign companies, Joint ventures will be allowed. No mandatory state participation and no carried interest by ONGC and OIL are envisaged.
- Crude Oil & Gas pricing and Sale: Contractor will be free to sell the crude oil and Natural Gas exclusively in domestic market through a transparent bidding process at arm's length.
- Oil Cess & Royalty: No Oil Cess will be applicable on crude oil production however, Royalty rates will be as under NELP regime.
- Custom duty: Customs duty exemptions for specified goods and services will be available for contract areas.

The DSF bid round was launched in May 2016 under the overarching vision of Hon'ble Prime Minister's vision for reducing import dependency on oil and gas by 10% by 2022. The DSF bid round was completed in record time. Further, many bidders participated despite the global economic slowdown and volatile crude oil price environment. The Bid Round 2016 has 46 Contract Areas consisting of 67 fields across Nine sedimentary for extraction and exploration of oil and gas. DGH in May 2016 launched the DSF Bid Round - 2016 and invited bids to develop and monetize these contract areas which are estimated to hold in-place Oil and Oil equivalent as reserves of 86 Million Metric Tonnes with estimated recoverable reserves of roughly 30 Million Metric Tonnes.

Government of India signed the contracts of the fields awarded under the DSF Bid Round 2016 with the awardees at New Delhi on 27th March 2017. The event was presided by Shri Dharmendra Pradhan, Hon'ble Minister of State for Petroleum and Natural Gas along with other senior officials of Ministry of Petroleum and Natural Gas (MoPNG) and DGH and witnessed a large audience comprising successful awardees, E&P majors, service companies and key media houses. A two-way Interactive Portal for DSF which has been developed by DGH to facilitate contract management.

Positive outcome of the policy:

- Thirty contract areas have been signed which are expected to come into production within the next 3-4 years.
- The cumulative peak production from the awarded fields is expected to be around 15,000 BOPD of oil and 2 MMSCMD of gas over the economic life of field.
- Estimated total revenue would be ~Rs. 46,400 crores.
- Expected Gross royalty collection is 5,000 crores and expected state royalty collection is Rs. 2,100 crores. Government's revenue share would be ~Rs. 9,300 crores.
- Employment of ~37,500 persons would be generated through the awarded fields.

DSF Round II

Following the success of DSF Bid Round I-2016 and the fact that there were still many more unexploited discoveries, Government has extended the DSF policy and launched DSF Bid Round-II in the year 2018-19 and the discoveries clustered in 23 Contract Areas have been awarded under International Competitive Bidding.

DSF Round II aimed at providing an opportunity for industry professional to invest in larger areas on offer in already discovered basins, thereby providing investment opportunity at minimal risk. The discoveries have been offered under Revenue Sharing Contracts where the operator will be sharing biddable percentage share of revenue to the Government, besides paying royalty.

Please refer our Annual Report for more details...