

## **Hydrocarbon Exploration and Licensing Policy (HELP) – A *Win-Win approach***

In the line with the vision of reducing hydrocarbon import dependency by 10% by 2022, Hydrocarbon Exploration and Licensing Policy (HELP) was launched with the clear objective of boosting the production of oil & gas in the Indian sedimentary basin.

This policy is based on the new model of Revenue Sharing Contract (RSC) which has replaced the earlier model of Production Sharing Contract (PSC). Under HELP Open Acreage Licensing (OAL) mechanism has been launched which allows the investors to carve out blocks of their choice by assessing E&P data available at NDR & by submitting an Expression of Interest (EOI). EOI can be submitted throughout the year without waiting for a formal bid round from the government. These blocks would be subsequently offered through biannual formal bidding process. OAL would be manifested through National Data Repository which will provide rapid jumpstart to E&P activities by providing seamless access to the country's entire G&G data for interpretation and analysis. Following are the salient features of HELP:

- Single license that will cover exploration and production of all types of hydrocarbon viz. conventional oil and gas, coal-bed methane, shale oil, gas hydrates, etc.
- Revenue Sharing Model: Simple, easy to monitor; only two monitoring parameters for the government revenue & production of the contractor, no cost recovery; no micro-management by the Government; operational allow potential investors/ companies to carve out acreages of their choice and submit an expression of Interest basis which Government would call for competitive bids.
- Reduced and graded royalty rates. Further to encourage exploration in deep water and ultra-deep water areas, the royalty was exempted for first seven years (and subsequently royalty of 5% and 2% applicable in deep water and ultra-deep water areas)
- Other fiscal incentives viz. exemption of cess on crude oil and custom duty applicable on equipment/ services for exploration and production activities.

- Full marketing and pricing freedom of gas produced on arm's length basis.
- Extended period for exploration and production i.e. 8 years for onland/ shallow water and 10 years for deep water/ frontier areas.
- Providing option of Reconnaissance Contract (RC) to interested E&P and Oil Field Services (OFS) companies. A Reconnaissance Contract allows interested companies to undertake exploration activities, seismic surveys and exploratory drilling to gather E&P data and exclusive rights to lease out the same for a period of 12 years with an option to migrate to development and production phase subject to competitive bidding.
- Pre-determined Liquidated Damages (LDs) for any shortfall in committed work program

*Please refer our Annual Report for more details...*