

GUIDELINES FOR MANAGEMENT OF OIL & GAS RESOURCES

A. Monitoring of Exploration Programme for Nomination Blocks

- (i) DGH will review and monitor the progress and performance of National Oil companies (NOCs) to the extent that optimal exploratory inputs are being provided in each of petroleum Exploration License area in accordance with generally accepted international petroleum industry practices.
- (ii) DGH in consultations with NOCs will decide milestones and timelines for monitoring of exploration programme.
- (iii) The observations/ deviations/ Exceptions and recommendations of DGH should be reported to MOPNG on a quarterly basis.
- (iv) DGH will develop its own formats and procedures to attain the overall objectivity of effective exploration in the country.

B. Announcement of Hydrocarbon Discoveries and reporting of hydrocarbon reserves in Nomination Blocks

- (i) Under Production Sharing Contract (PSC) regime, the procedure for announcement of hydrocarbon discoveries has been defined. DGH may frame up similar type of procedures for nomination blocks also.
- (ii) The detail procedures in consultation with NOCs should be designed by DGH comprehensively includes the logging procedures, testing tools to be used and mandatory tests to be conducted in a well to determine the presence of hydrocarbon, potential commercial of the discovery and commerciality of the discovery.
- (iii) In line with the guidelines applicable under the PSCs, DGH should frame guidelines for reporting of hydrocarbon reserves by NOCs for their nomination fields.

C. Preparation / Monitoring of Appraisal Programme and of Development Plan for Hydrocarbon Discoveries in Nomination Blocks

- (i) NOCs should prepare appraisal programme of the discoveries made under Nomination Blocks in consultation with DGH within

the specified time frame similar to New Exploration Licensing Policy (NELP) regime

- (ii) NOCs should also prepare development plan of the discoveries made under Nomination Blocks in consultation with DGH. Milestones and timeframe should be decided mutually for faster development of the discoveries.
- (iii) Technical Suggestions/ Recommendations made by DGH should be incorporated by NOCs suitably in preparation of appraisal programme/ development plan. Even if required, during implementation of the appraisal programme / development plan, necessary technical inputs of DGH should be implemented based techno economic considerations.
- (iv) DGH in consultations with NOCs will decide milestones and timelines for monitoring of appraisal programme and development plan

D. Development of Hydrocarbon Discoveries in Nomination Blocks

- i) Faster development of hydrocarbon discoveries including marginal fields has to take place through time bound development programme, which need to be implemented by NOCs in an efficient manner.
- ii) DGH has the responsibility of close monitoring the development of hydrocarbon discoveries, in timely manner in consultation with NOCs.
- iii) On quarterly basis, DGH will provide the status of development of discoveries in terms of amount spent as against cost of the projects, milestones achieved, and facilities created as against the milestones, drilling of wells, production profiles, critical areas etc.
- iv) The development of hydrocarbon discoveries should take place maintaining safety and environmental aspects as per the Government directives in this regard.

E. Oil & Gas Reservoir Management in Nomination Blocks

- i) DGH has already been monitoring the reservoirs of major oil fields such as Mumbai High, Gujarat and Assam Fields of ONGC.

- ii) With the issue of these guidelines, DGH will now have extended responsibility to monitor reservoir health of all producing fields operated by National Oil Companies.
- iii) DGH will bring all observations/ exceptions/ recommendations in notice of the Government on quarterly basis. However, urgent actions need to be reported to the Government immediately.

F. Exploration & Production Data Management and Information system for Nomination Blocks

- i) NOCs have the responsibility to submit the geological & geophysical data, reservoir data, well data, production testing data, core samples, production data and any other E&P data including proprietary/ non-proprietary as requested by DGH within the time frame decided by NOCs and DGH mutually. This is the requirement under P&NG Rules, 1959 also.
- ii) The dissemination of the data to public should be strictly as per data disclosure norms given in P&NG Rules, 1959. DGH should ensure proper safeguard of E&P databases.
- iii) DGH may develop a computerized system for reporting relevant information to the Ministry of Petroleum and Natural Gas as well as to make data/information available to the stakeholders as per existing rules and regulations. This system should have the provision to capture the required data directly from NOCs and other operators.

G. Monitoring of Government revenue generated through E&P activities in Nomination Blocks

- i) NOCs will submit details of all PELs / PMLs along with their respective validity, details of fee payable / paid etc. in accordance with the P&NG Rules.
- ii) NOCs will submit the details to DGH for royalty, PEL/ PML fee, Cess, dead rent etc. paid to the Government against each PEL/PML
- iii) DGH will verify the correctness of payments made by E&P companies.

- iv) DGH will submit the monthly statement highlighting amount received on various heads company wise as well as less payment/defaulters companies, if any.

H. Induction of New Technology

- (i) NOCs will provide the details of new E&P technologies inducted in the organization and future needs for specialized technologies/ expertise to DGH.
- (ii) DGH will scout new E&P techniques/ technologies, which may be suitable in Indian conditions.
- (iii) NOCs and DGH should make joint efforts for induction of new technologies, so that E&P services may be available in India on competitive terms.
- (iv) MOPNG may be informed by DGH about the new technology inducted on a yearly basis.

I. Sharing of Infrastructures and Resource Utilization

- (i) DGH will carry out periodical audit for effective utilization of resources available with NOCs such as drilling rigs, platforms, pipelines, surface facilities etc.
- (ii) In case NOCs are facing resource crunch, DGH will help NOCs in arranging resources from other private players/countries.
- (iii) DGH will submit periodical report to MOPNG on effective utilization of resources.

J. General Guidelines for DGH and NOCs

- (i) DGH will have the responsibility for close monitoring of exploration and Production activities under nomination regime.
- (ii) DGH will design standard procedures for collecting input data from NOCs. These procedures should be living document, which need to be revised periodically by DGH on arrival of new commercial technology in practice internationally.
- (iii) NOCs have the responsibilities for timely delivering the input data to DGH.

- (iv) Milestones and timelines will be decided mutually by DGH and NOCs for each of E&P activities i.e. from exploration to production of oil and gas on line with NELP timelines.
- (v) The observations/ deviations/ Exceptions and recommendations of DGH must be reported to MOPNG on a quarterly basis.

K. Constitution of Management Committees

- (i) In line with the PSC regime, where petroleum operations and other decisions are overseen by the Management Committees, two Management Committees may be constituted as under:
 - (a) A Management Committee comprising of a representative from MoPNG, DG, DGH and a Director level representative from ONGC.
 - (b) Another Management Committee comprising of a representative from MoPNG, DG, DGH and a Director level representative from OIL.
- (ii) The Committee may meet at least once in a quarter to review the issues related to E&P activities of ONGC / OIL. If required, committee may meet more frequently depending on urgency of issues.
- (iii) DG, DGH will act as a Chairman of the Committee.
- (iv) Any party may include its issue in the agenda for discussions in the Management Committee.
- (v) Preparation of the agenda and minutes will be the responsibility of DGH and NOCs will provide necessary inputs as may be required by DGH.
