



**NOTICE INVITING OFFERS
FOR
EXPLORATION AND PRODUCTION
OF
COALBED METHANE**

THIRD OFFER OF BLOCKS

**Ministry of Petroleum & Natural Gas
GOVERNMENT OF INDIA
2006**

**NOTICE INVITING OFFERS
FOR
EXPLORATION AND PRODUCTION
OF
COALBED METHANE - THIRD OFFER
(CBM-III)**

NOTICE INVITING OFFERS FOR EXPLORATION AND PRODUCTION OF COALBED METHANE

ANNOUNCEMENT

In order to explore and produce Coalbed Methane (CBM), the Government of India announces offer of 10 blocks. Out of these, two blocks each are located in the States of Andhra Pradesh, Chhattisgarh, Madhya Pradesh & Rajasthan and one block each in Jharkhand & West Bengal. Technically and financially competent foreign and Indian companies are invited to bid for exploration and production of CBM in the blocks on offer. Companies may bid for one or more blocks, singly or in association with other companies through an unincorporated or incorporated venture. Foreign/Indian companies can have up to 100% participating interest.

MAIN FEATURES OF TERMS OFFERED

The successful bidder would be required to enter into a contract with the Government, which will be negotiated based on the Model Contract (MC). Some of the features of the attractive terms offered by the Government are:

- No signature bonus
- Royalty at the rate of 10% on the value of CBM in accordance with Oilfields (Regulation and Development) Act, 1948 and the Rules framed thereunder payable to the relevant State Government
- Additionally, ad-valorem biddable Production Level Payment (PLP), payable to the Central Government, on every incremental production of zero point five (0.5) Million Standard Cubic Metre per Day (MMSCMD) or part thereof
- Freedom to market gas in domestic market at market determined prices.
- Fiscal stability provision in the contract
- No customs duty on imports required for CBM operations
- Provisions for assignment of Participating Interest
- Arbitration provisions governed by Arbitration and Conciliation Act, 1996
- One time lump sum Commercial Bonus of US \$ zero point three (0.3) million by foreign companies or equivalent amount in Indian Rupees by Indian companies, after declaration of commerciality of CBM.
- Corporate income-tax payable as per the Income-tax Act, 1961
- Copy of Model Contract (MC) is available
- CBM operations will enjoy tax holiday, as per Income-tax Act 1961; currently available for seven (7) years from the date of commencement of commercial production.

BIDDABLE TERMS

Companies would be required to bid for:

1. Work programme commitments.
2. Production level payments to the Government at various level of CBM production achieved.

A detailed bid format is available in the CBM-III docket as well as on the web sites :
www.dghindia-cbm-iii.com and
www.dghindia.org

BID EVALUATION

The following main parameters will be considered while evaluating the bids:

i) Technical capability of the bidding company/consortium:

Evaluation of technical capability of the proposed Operator against a bid, among other things, will be based on experience as operator (in terms of No. of years), oil and gas and CBM acreage holding, oil and gas and CBM reserves and Average Annual Production of oil and gas and CBM. Where a parent company endorses the bid and undertakes to provide financial and performance guarantee in case their bid is declared successful, the technical parameters of the parent company of the designated Operator, as prescribed in the BEC, would be considered for evaluation of the bid. For details, please refer Appendix-I of NIO.

ii) Financial strength of the bidding company/consortium:

In order to qualify on financial capability parameters, the bidding company or each of the company constituting a consortium must furnish the following certificate :-

A Certificate from company's statutory auditor(s) stating that the company has a net worth equal to or more than its Minimum Work Programme commitment for Phase-I (Exploration phase-I) and Phase-IIA & IIB. In case the parent company financial and performance guarantee is provided, the certificate from parent company's statutory auditor(s) should be submitted. In the event a company has different statutory auditors(s) in the last three years, then company will have the option to submit the certificate from statutory auditor(s) for the latest completed year. For details, please refer Appendix-I of NIO and format for submission of bids.

In case a bidding company either bidding alone or as a consortium happens to be the best ranked bidder for two or more blocks, the networth of the company must be equal or more for aggregate value of all such blocks. In case, the company's networth is less than the minimum work programme commitments for such blocks, the bids will be considered in order of priority given by that company in their bid for respective blocks.

In case a bidding company or each of the company constituting a consortium does not furnish the above certificate, the bid shall be summarily rejected. In case, financial and performance guarantee of a parent company is provided, the financial capability of the parent company shall be considered for evaluating the financial capability of a bidding company.

iii) **Work programme:**

Only the committed minimum work programme by the bidding companies/consortia will be considered for evaluation purposes. Any contingent/conditional work programme will be ignored, while evaluating the bids.

iv) **Fiscal package:**

The offered production level payments will be taken into account for evaluation of fiscal package to the Government.

v) **Weightages:**

Evaluation of bids will be carried out based on points assigned under the following three main criteria :

	Criteria	Weightage on a scale of 100 points
a)	Technical capability	20
b)	Work Programme	45
c)	Fiscal package	35

For details please refer Appendix-I.

vi) **Evaluation of bids and rejection criteria :**

- (a) The designated operator in a block would be required to obtain a non-zero score in technical capability parameter on an aggregate basis i.e. the total score of the designated operator on account of Operatorship experience, Acreage Holding, Reserves and Average Annual Production taken together should be more than zero. This would be applicable for all the blocks on offer.
 - (b) Bids not submitted in "Format for Submission of Bids" covering all the information/details listed therein are liable to be rejected.
 - (c) Any assumptions / deviations in a bid which are inconsistent or not complying or conforming with the contract terms listed in the brochure "Notice Inviting Offer for Exploration and Production of Coal Bed Methane – third offer of blocks" may render the bid liable for rejection.
 - (d) Government at its sole discretion reserves the right to accept or reject any or all of the bids received without assigning any reason, whatsoever.
 - (e) For a bid to be valid, bidding company or consortium, as the case may be, is required to purchase the requisite Data Package of the block being bid for and the requisite Information Docket of the Coalfield, wherever available (refer price list document for details). These are required to be purchased on or before the bid closing date.
- vii) Government may also take into account the past performance of bidding company(ies) including the track record of the company(ies) or the consortium in respect of court cases against it or any other basis and on this consideration or any other consideration, at the sole discretion of the Government, it may accept or reject any or all bids.
- viii) Other things being equal, a bidder agreeing to transfer of technology to the Government or its nominee(s) will get preference over the other bidders.

INFORMATION AVAILABILITY

A brochure of Notice Inviting Offers giving details of the CBM blocks on offer, their geographical location on a map of India, the terms and conditions, Bid Format, a copy each of Model Contract (MC) and Price List is available free of cost to Companies. Copies of these documents may also be seen at the special CBM website : www.dghindia-cbm-iii.com as well as at the website of Ministry of Petroleum & Natural Gas, <http://www.petroleum.nic.in> and the website of Directorate General of Hydrocarbons www.dghindia.org. The Information Dockets and Data Packages of the CBM blocks on offer are available on CD ROMs for purchase. The Data Packages containing information on general geology, geophysical data, borehole data, logs, petrographical characteristics of coal, cleat patterns, XRD study, Satellite Imagery data, CBM potential and gassiness of coal seams including adsorption isotherms are available for all the ten CBM blocks on offer. In addition to above, the Information Dockets for nine coal / lignite fields, where these blocks are located are also available. Information Dockets contain similar information as listed above for the entire Coalfield, along with, a brief write-up on each block with co-ordinates.

The hard copies of the Information Dockets and Data Packages are available for inspection at data viewing centres at New Delhi (India), Houston (USA) and Brisbane (Australia) free of cost for three (3) consecutive working days. Data can also be viewed for three (3) additional working days on nominal payment basis. For details, please refer to the document 'Price List' provided as a part of the bid documents docket.

Companies interested in inspection and purchase of Information Dockets and Data Packages and for any further details in this regard may contact:

Directorate General of Hydrocarbons
4th & 11th Floors, Hindustan Times House,
18-20, Kasturba Gandhi Marg,
New Delhi - 110 001, INDIA.
Telephone : (91-11) 23352650/23352647/23717627-30
Facsimile : (91-11) 23352649/23317081
E-mail : dg@dghindia.org
Website : <http://www.dghindia.org>
<http://www.petroleum.nic.in>
<http://www.dghindia-cbm-iii.com>

Bids should be submitted in duplicate in sealed envelopes superscribed "Confidential" "Bid for Coalbed Methane Block _____" not later than **1200 hours Indian Standard Time (IST) on Friday, 30th June, 2006** at the above address.

Public opening of bids before the authorised representative(s) of the bidders(s) will take place at 1500 hours IST on the same day at the above address. Bidders intending to be present during the bid opening should depute their authorised representative.

Sd/-
Sunjoy Joshi
Joint Secretary to the Govt. of India
Ministry of Petroleum & Natural Gas
New Delhi, India.
Facsimile : 91-11-23383585
Dated : 24th February, 2006

CBM BLOCKS ON OFFER UNDER THIRD ROUND OF BIDDING



<u>Ref No.</u>	<u>Block Name</u>	<u>Ref No.</u>	<u>Block Name</u>
1.	RM-CBM-2005/III	6.	SR-CBM-2005/III
2.	BB-CBM-2005/III	7.	KG(East)-CBM-2005/III
3.	TR-CBM-2005/III	8.	BS(4)-CBM-2005/III
4.	MR-CBM-2005/III	9.	BS(5)-CBM-2005/III
5.	SP(North)-CBM-2005/III	10.	GV(North)-CBM-2005/III

**DETAILS OF COALBED METHANE BLOCKS ON OFFER UNDER
THIRD ROUND OF BIDDING (CBM-III)**

Ref. No. on Map	Coal/Lignite Field	Block Name	Approx. Area (sq.km.)	State
1	Raj Mahal	RM-CBM-2005/III	469	Jharkhand
2	Birbhum	BB-CBM-2005/III	248	West Bengal
3	Tatapani-Ramkola	TR-CBM-2005/III	458	Chhattisgarh
4	Mand-Raigarh	MR-CBM-2005/III	634	Chhattisgarh
5	Sohagpur	SP(North)-CBM-2005/III	609	Madhya Pradesh
6	Singrauli	SR-CBM-2005/III	330	Madhya Pradesh
7	Kothagudem	KG(E)-CBM-2005/III	750	Andhra Pradesh
8	Barmer	BS(4)-CBM-2005/III	1168	Rajasthan
9	Barmer	BS(5)-CBM-2005/III	739	Rajasthan
10	Godavari (North)	GV (North) – CBM-2005/III	386	Andhra Pradesh

GEOLOGICAL SET-UP OF THE COALFIELDS OF THE CBM BLOCKS ON OFFER

RAJMAHAL COALFIELD, JHARKHAND:

Rajmahal coal belt is defined by several disconnected coal basins viz. Hura, Chuperbhita, Pachwara, Mahuagari and Bramhani Coalfields along the Western fringe of the Rajmahal hills. This area constitutes a prominent Cretaceous tholeiite volcanic province in the east Indian crustal block. The coal measures are exposed in the eastern marginal part of a large master basin which extends from Purnea trough in north Bihar, across the Rajmahal hills to the Bengal basin in the south east which have a unified history of basin development in Lower Gondwana period (L Permian).

The guiding factors for delineation of a CBM block in this coalfield include occurrence of thick coal seams (about 40-60m) below a variable cover of 300-600m of younger strata with an average gas content of 5-6 m³/t. The adsorption isotherm shows sorption content of 7.1 – 8.7 m³/t of gas at a pressure of 46.66 to 57.19 atmospheric. One of the main reasons for greater gas generation and storage is the exposure of coal seams to varying thermal regime below an extensive cover of Rajmahal volcanic suite and the low stress regime in relaxed structural setting.

One CBM block viz. RM-CBM-2005/III covering an area of 469 sq.km. is on offer for exploration and production of CBM. The CBM resource of the block is estimated at 158 BCM (5.58 TCF).

BIRBHUM COALFIELD, WEST BENGAL:

The Birbhum Coalfield excepting a narrow strip on the western margin may be regarded as a concealed coalfield, where Barakar coal measures of Lower Gondwana sequence is covered under a thick sequence (132-322m) of younger horizons. This coalfield may be best described as the south-westerly extension of Rajmahal coal-belt in West Bengal. Birbhum coalfield, thus, shows some common history of basin filling during the Gondwana period with that of adjacent Rajmahal Coalfields and at the same time displays some characteristic features of coal formation, unique to this coal basin.

Here the Barakar Formation contains four thick to very thick Coal seam zones. In the south central part of Pachami area, a super-thick seam of 91-159m has developed over a strike length of 2km. This prolific development of Coal is hitherto unreported in any Gondwana basin.

The concealed nature of the basin, development of very thick / super-thick seams containing sections of good quality Coal and the pervasive heat flow from 200m thick volcanic suite to underlying coal measures all contribute to the CBM potentiality of the field. Desorption and adsorption isotherm data generated from the northern part of the field, shows that coal seams often store 5-6m³/t of gas.

One CBM block viz. BB-CBM-2005/III covering an area of 248 sq.km. is on offer for exploration and production of CBM. The CBM resource of the block is estimated at 50 BCM (1.77 TCF).

SOHAGPUR COALFIELD, MADHYA PRADESH:

Encouraged by the result of exploratory drilling activities in the two CBM blocks awarded under CBM-I round of bidding located in the central part of this coalfield, it was felt appropriate to carve out a block

in the north-northwestern part of this coalfield. The northern part of Sohagpur coalfield has a complex history of dolerite intrusion, which may influence the generation of gas. The exploration in Nigwani-Bakeli area within the proposed block revealed the occurrence of Barakar coal measures below 300m cover of Barren Measure and Raniganj Formation.

Five regional seams are developed in Barakar Formation. The cumulative Coal thickness in the block varies from 3-10m. The borehole in CBM block shows that coals attain higher rank with low moisture and high carbon content. Gas seepage in nearby area also indicates storage of gas in deeper seams. The adsorption isotherm of seam-I (558m) at 47.31 atmospheric pressure give moisture equivalent gas content of 6 m³/t. Proximity of the Sohagpur North block to the prospective CBM blocks in the central part of the Coalfield lends credence to the possibility that the fairways of the blocks in the southern part may extend to this northern sector.

One CBM block viz. SP (North)-CBM-2005/III covering an area of 609 sq.km. is on offer for exploration and production of CBM. The CBM resource of the block is estimated at 16.72 BCM (0.59 TCF).

SINGRAULI MAIN BASIN CBM BLOCK, MADHYA PRADESH:

Singrauli Coalfield is a major repository of coal in the heartland of the country. It is a composite basin composed of Moher sub-basin in the east and main sub-basin on the west which are separated by a concealed basement high. The Moher sub-basin is well known for prolific coal development where extensive mining operation is in progress. The main sub-basin has very large spread where the Barakar coal seams of Lower Gondwana sequence (Permian) are concealed below a variable cover of younger sediments. The deeply buried coal seams of the main basin offers good prospect for CBM exploration.

The Barakar coal measures in the main sub-basin where the CBM block has been carved out, contains eight coal seams. The adsorption isotherm for coal occurring at 300-600m depth level show gas content of 8.3-9.7 m³/t at pressure of 49.79-66.96 atmosphere.

The persistent development of moderately thick Barakar seams of high volatile bituminous B/C rank, with an average gas content of 4 m³/t with localized supply of heat from igneous intrusions, all in combination are likely to contribute to CBM gas generation and storage in seams.

One CBM block viz. SR-CBM-2005/III covering an area of 330 sq.km. is on offer for exploration and production of CBM. The CBM resource of the block is estimated at 31.0 BCM (1.1 TCF).

TATAPANI – RAMKOLA COALFIELD, CHATTISGARH:

Tatapani-Ramkola coalfield occurs in the structural junction between the Damodar valley and the Son valley Gondwana basin belts. The basin depicts structural and stratigraphic similarity with that of adjacent Gondwana basin of the Damodar valley whereas the pattern of coal formation and sandstone dominated cycles of Barakar coal measures are more characteristic of the Son valley belt. Because of the close similarity of its basinal history with that of the Damodar valley belt which is a major store house of CBM, it is logical to look for CBM potentiality in the virgin Tatapani-Ramkola Coalfield.

Exploration in Barkagaon revealed the occurrence of twelve regional Barakar coal seams at a depth of 300-750m. Adsorption isotherms of Coal from Barkagaon show a sorption capacity of 7.4-8.1 m³/t of gas at a pressure of 58.2-86.7 atmospheric in the block. The coalification gradient in Tatapani-Ramkola coalfield is suggestive of significant methane generation in the deep-seated seams of the CBM blocks.

One CBM block viz. TR-CBM-2005/III covering an area of 458 sq.km. is on offer for exploration and production of CBM. The CBM resource of the block is estimated at 53.78 BCM (1.9 TCF).

MAND-RAIGARH COIL FIELD, CHHATTISGARH:

The Mand-Raigarh Coalfield occupies the central part of the upper Mahanadi valley Gondwana belt and extends over a large stretch lying between Ib valley in the east and Korba and Hasdo-Anand Coalfields in the west and north west. The practically virgin Mand-Raigarh Coalfield provides ample opportunity for exploring CBM in the deeper axial region of the basin. This Coalfield displays a shallow synclinal structure with axis trending in NW-SE direction and the southern basin margin is demarcated by the prominent boundary fault. In the central part of the coalfield where Barakar coal measures lie at greater depth below the younger sediments, a CBM block has been demarcated.

In general twelve coal seams are developed in Barakar Formation. The cumulative Coal thickness in the CBM block varies from 30 to 35m, the Coal thickness tends to increase towards south near Chhal area. The coals broadly correspond to high volatile Bituminous 'B' to 'C' in rank. With the increase of depth of burial the coal seams are likely to store substantial amount of methane. Desorption studies of coals indicate that deep seated coal seams in the CBM block hold at least 4.5-5.5 m³/t of gas if not higher. The hydrogeological studies also reveal that the coal seams are under normal hydrostatic pressure, which will facilitate good sorption of gas on coal.

One CBM block viz. MR-CBM-2005/III covering an area of 634 sq.km. is on offer for exploration and production of CBM. The CBM resource of the block is estimated at 119 BCM (4.2 TCF).

SOUTHERN GODAVARI VALLEY COALFIELD (KOTHAGUDEM), ANDHRA PRADESH:

The Godavari valley coalfield is the largest Gondwana basin covering an area of about 17500 sq.km. in Andhra Pradesh, India. It extends in NW-SE direction from the border of Maharashtra in the heart of Central India to the east coastal region. The basin is filled by 6000m of sediments of Early Permian to Cretaceous age and is the major coal producing area in South India. The Gondwana basin displays a typical rift structure with prominent boundary fault along its margin and is analogous to the petroliferous Cooper basin of Australia where large resource of gas has been estimated from Gondwana equivalent horizons. The coals of the Godavari CBM block belong to high volatile Bituminous B/C rank. Desorption studies indicate that coal seams in the 600-1000m depth range within the CBM block, may hold on an average 4-5 m³/t of gas.

The Coalbed methane block has been delineated in the eastern side of the Kothagudem area and covers part of the main sub-basin across the Paloncha neck in the dip side of Anisetthipalli and Kothagudem blocks. The CBM block shows development of lower Gondwana sequence comprising coal bearing Barakar Formation, Barren Measures and upper coal measures Raniganj Formation. The Barakar Formation of Kothagudem sub-basin where a large part of the CBM block is located contains two coal seams. The cumulative coal thickness shows variation from 4.5m to 26 m.

One CBM block viz. KG (East)-CBM-2005/III covering an area of 750 sq.km. is on offer for exploration and production of CBM. The CBM resource of the block is estimated at 57.2 BCM (2.02 TCF).

NORTHERN GODAVARI VALLEY COAL FIELD, ANDHRA PRADESH:

The Barakar Formation (Lr. Permian) of the Lower Gondwana sequence is the main coal bearing unit. Presence of one coal seam has been recorded from Raniganj Formation (Ur. Permian) also. The coal bearing Barakar Formation is exposed along the northwestern margin of the basin where extensive mining operation is in progress from Dorli-Belampalli belt in the north through Somagudem-Indaram in the centre to Ramagundam belt further south. The dip side of these mining belts is considered to be the most potential target area for CBM exploitation. In these areas, as many as 10 coal seams of 0.6 to 18.2 m thickness have been established in Barakar Formation though 4 to 5 seams are more persistent. The coal seams are by and large high volatile bituminous 'B' in rank with vitrinite reflectance of 0.6 – 0.7% within 600m depth limit. There are, evidences of enhancement of rank of coal with greater depth of burial.

Adsorption isotherm of Barakar coal seams and limited desorption data show that the coals are likely to store 4-5 m³/t of gas upto 1000m depth, which may increase at greater depth of burial with better permeability due to intensive high fracture density in rift setting.

One potential CBM block viz. GV(North)-CBM-2005/III covering an area of 386 sq.km. in the north western part of the Godavari Gondwana basin, is on offer for CBM exploitation. The gas-in-place resource of the CBM block is estimated at 29.65 BCM (1.05 TCF) within a depth range of 450 to 1500m.

BARMER BASIN, RAJASTHAN:

The Barmer basin which lies in the Thar desert of Rajasthan, is a narrow elongated rift extending from Fatehgarh Fault in the north to Sanchor depression in the south and shows continuity with the Cambay graben of Gujarat. The sedimentary sequence in Barmer basin ranges in age from cretaceous to recent, having a maximum thickness upto 4 km.

Thick lignite horizon is reported to occur at variable depth over the length and breadth of the basin. The lignites occur in middle Eocene Tharad Formation and its equivalent Thumbli Formation in the basin. This lignite bearing sequence is homotaxial with the Kadi and Kalol Formation of Cambay basin. The geological and geophysical investigations carried out during the last decades, by some international oil / gas operators gave a fillip to the search for Coalbed Methane in Barmer rift. Based on an integrated study of seismic data and borehole records, it is observed that the lignite horizon attains its maximum thickness of about 60-70m in the deeper part of the basin and it reduces to around 20-30m near the faulted basinal margin.

The adsorption isotherm studies of samples from one of the borehole, conducted by DGH revealed encouraging results. The desorption tests indicate a gas content of 3-4 m³/t of gas in 600-1200m depth range. Further, the seismic survey depicts that the lignite seam is often faulted / fractured which may account for high permeability.

Two CBM blocks viz. BS(4)-CBM-2005/III in the western flank and BS(5)-CBM-2005/III in the eastern flank of Barmer rift, measuring an area of 1168 sq.km. and 739 sq.km. respectively have been carved out and are on offer for CBM exploration and production. The estimated CBM resources of BS(4)-CBM-2005/III and BS(5)-CBM-2005/III are 82.0 BCM (2.9 TCF) and 38 BCM (1.34 TCF) respectively.

TERMS AND CONDITIONS:

1. Parties to the Contract:

The Parties to the contract shall be the Government of India and the awardee company or consortium companies.

2. Participation by Companies

Each of the company participating in a consortium should have a minimum participating interest of ten percent (10%), and the percentage participating share of each of the companies in the consortium should be specified in the bid.

Companies who wish to bid would have to :

- (a) furnish satisfactory proof of technical capability of experience in the field of exploration and production of Coalbed Methane and/or experience in oil & gas exploration and production.
- (b) furnish satisfactory proof of their financial capacity, and where the Government requires, a suitable guarantee.

3. Commencement of CBM Operation

The company will commence work not later than six (6) months from the effective date as provided in the contract.

4. Exploration Phase

The Exploration Phase (referred to as Phase-I) shall be for a period of upto three (3) consecutive contract years from the effective date of the contract. However, a reduced period of two (2) contract years would be preferred. The company will have the option to terminate the contract or exit at the end of Exploration Phase.

5. Pilot Assessment and Market Confirmation Phase

The Pilot Assessment Phase and Market Confirmation Phase (referred to as Phase-II) shall be for a period of upto five (5) consecutive contract years after the expiry of Exploration Phase (Phase-I). The Company has the option to terminate the contract or exit at the end of Phase-II.

6. Development and Production Period

The development and production period shall not exceed a period of thirty (30) consecutive contract years. The Development Phase (Phase-III) shall not exceed a period of five (5) consecutive contract years, whereas, Production Phase (Phase-IV) would be for a period of twenty five (25) consecutive contract years.

7. Relinquishment

There is no relinquishment at the end of Exploration Phase (Phase-I). First relinquishment of at least twenty percent (20%), of the original block area, in not more than two contiguous areas of simple geometrical shape, will take place at the end of Phase-II. At the end of Development Phase, the company(ies) shall retain all the producing and producible areas and relinquish the balance areas. Relinquishment provisions different from those given above are negotiable and to be finalised prior to award, in case of blocks, where specific conditions relating to the exploration programme warrant such variation.

8. Minimum Work Obligation

Company(ies) shall bid for minimum work programme to be carried out with respect to Exploration Phase (Phase-I), Pilot Assessment/Market Commitment (Phase-II). The bids will be stated in terms of geological, laboratory/engineering studies, number of core holes to be drilled in Phase-I, drilling of sufficient pilot wells including 3/5 spot pattern wells in one or more clusters, techno-economic feasibility report, market surveys and commitments in Phase-II, details of which are available in the bid format.

Bidders are required to specify the minimum work programme for each phase in the bid format. Any additional work in excess of minimum work commitment in any phase can be carried forward to the subsequent phase, if operationally and technically feasible, and offset against the minimum work committed for a subsequent phase.

9. Expenditure Obligation

No expenditure obligations would be prescribed. However, a bank guarantee for 35% of the expenditure related to agreed annual work programme would be required for Phase-I and Phase-II (please refer the Model Contract for details).

10. Gas Marketing

The contractor has the freedom to market CBM gas in domestic market at market determined price.

11. Assignment

Assignment of participating interest is permitted with the prior approval of the Government. Approvals for assignment would not unreasonably be withheld, subject to suitable guarantees and such other terms as may be required by the Government. Government shall respond to an assignment application within one hundred twenty (120) days from the receipt of application, failing which application shall be deemed to have been approved.

12. Management of Operations

The Operator has the freedom to manage the CBM operations in accordance with the provisions of the contract. However, to facilitate operations, a Steering Committee would be constituted as per the contract.

13. Taxes and Royalties

Corporate income-tax and other taxes are payable as per Income-tax Act, 1961 and other applicable laws.

The companies would be required to pay license/lease fees and other charges including surface rental, land acquisition charges, etc. as per the Petroleum & Natural Gas Rules or as required under any other provisions.

Royalty at the rate of 10% on the value of CBM gas in accordance with Oil Fields (Regulation & Development) Act, 1948 and Rules made therein is payable to the concerned State Government. Additionally, ad-valorem biddable Production Level Payment (PLP) is payable to the Central Government on every incremental production of zero point five (0.5) MMSCMD or part thereof.

Commercial Bonus

One time lump sum commercial bonus of US \$ zero point three (0.3) million is payable by foreign company(ies) and equivalent amount in Indian Rupees by Indian company(ies), after commercial potential assessment. In case of a consortium bid, the commercial bonus will be payable in proportion of the participating interest of each of the companies comprising the consortium.

14. Repatriation of Funds

Foreign companies will be permitted remittances out of India of income arising out of the contract in accordance with the Foreign Exchange Management Act, 1998 (FEMA), as amended from time to time, laws, rules & regulations.

15. Data

All data gathered during the course of operation under this contract shall be the property of the Government of India. However, appropriate confidentiality will be provided as per the contract.

16. Local Preference

The company is required to give preference to the use of Indian goods and services subject to quality, availability, time frame and competitive pricing.

17. Employment and Training

The company shall give preference to the employment of qualified Indian nationals and shall undertake appropriate training programmes.

18. Transfer of Technology

Preference shall be given to companies who agree to transfer of technology to the Government of India or its nominee(s).

19. Applicability of Laws

The applicable Indian laws shall govern the contract.

20. Arbitration

Arbitration procedure shall be as per the Indian laws in this regard.

21. Right to ask clarifications/negotiations on the bids

The Government reserves to itself the right to ask any clarification from bidding companies/ consortia on any matter before award of the contract.

22. General

The accounting and audit procedures will be separately agreed to in the Contract.

23. Right to accept bids

The Government of India reserves to itself the right to accept or reject any or all of the bids at its sole discretion.

Appendix - I

BID EVALUATION CRITERIA (BEC) FOR CBM BLOCKS UNDER CBM-III

Bid evaluation is based on three criteria as indicated below. The weightages that are assigned to each of them are indicated against them. A higher weightage has been assigned to work programme, technical capability and fiscal package to ensure maximum efforts in exploration and subsequent exploitation of CBM gas, selection of technically competent bidder and maximize Government Take.

The weightage points assigned for three (3) criteria (Table-1), individual criteria and sub-criteria for allotting points for each criteria, based on which the bids will be evaluated are given below.

The total points scored by the bidder will be computed, criteria-wise, based on the sub-criteria formula alongwith points given in Tables 2, 3 & 4.

Table-1

Serial	Criteria	Weightage points
A	Technical Capability*	20
B	Work Programme	45
C	Fiscal Package	35

*The Technical Capability will be assessed on the strength of the designated operator alone. The acreage holding, inplace oil & gas and CBM reserves, operatorship experience, average annual production of oil & gas and CBM shall be taken only in respect of acreages where the designated operator under the bid has either worked or is working as an operator in the relevant period as mentioned in Table-2. In case of the designated operator participating as joint operator, the acreage holding, inplace oil & gas and CBM reserves, and average annual production shall be taken in proportion to their Participating Interest / equity share in these joint operatorship projects / ventures. The operatorship experience to be considered for this purpose shall be of exploration and / or development and / or production in oil & gas and CBM.

Qualifying Criteria

The bidders for a block would be required to meet the following Minimum Qualifying Criteria, failing which the bid shall be liable for rejection :-

- (i) The designated operator in a block would be required to obtain a non-zero score in technical capability parameters on an aggregate basis i.e. the total score of the designated operator on account of Acreage Holding, Inplace Oil & Gas and CBM Reserves, Operatorship Experience, Average Annual Production of Oil & Gas and CBM taken together should be more than zero.
- (ii) Bidder must submit a Certificate from the company's statutory auditor(s) stating that the company has a net worth equal to or more than its Minimum Work Programme commitment for Exploration Phase-I & Pilot Assessment Phase-(IIA), Market Survey & Commitment

Phase-(IIB). In case the parent company, financial and performance guarantee is provided, the certificate from parent company's statutory auditor(s) should be provided. In case, a bidding company has different statutory auditors in the last three years, the company has the option to submit such certificates from the latest statutory auditor (s) of the company in respect of previous three years.

(A) TECHNICAL CAPABILITY:

The technical capability of the company/companies constituting the bidders will be assessed based on the following sub-criteria and corresponding points will be allocated as under :

Table-2

Sl. No.	Sub-criteria	Max. Point	Scale	
			Parameter (Point) Minimum	Parameter (Point) Maximum
(i)	Oil & gas acreage holding (sq.km.)	1.5	0 (0)	100,000 (1.5)
	CBM acreage holding (sq.km.)	2.5	0 (0)	2,000 (2.5)
(ii)	In-place oil & gas reserves (MMBOE)	1.5	0 (0)	2500 (1.5)
	In-place CBM reserves ((BCM)	2.5	0 (0)	100 (2.5)
(iii)	Average annual production of oil & gas for last 3 years (MMBOE)	2	0 (0)	10 (2)
	Average annual production of CBM for last 3 years (BCM)	3	0 (0)	0.5 (3)
(iv)	Bidder's experience as an operator in exploration and / or development and/ or production of oil & gas (years)	2	0 (0)	5 (2)
	Bidder's experience as an operator in exploration and / or development and/ or production of CBM (years)	3	0 (0)	5 (3)
(v)	Technical assessment by the bidder of block(s)	2	Points to be given based on technical assessment made by the Government / DGH	

(The information on the Technical Assessment by the bidder on Block(s) bid for should comprise information about the geological parameters upon which the bidder's application for a Block(s) is based, accompanied by structural maps, if feasible. The bidder shall also, in a separate enclosure, furnish a geological study of the area in a regional geological context. Further, the bidder will also provide information about the exploration strategy, prospectivity analysis, possible marketing plans, development and production strategy.)

(B) WORK PROGRAMME

Following points phase wise for committed minimum work programme will be given:

Table-3

Exploration Phase(I)	35
Pilot Assessment Phase (IIA)	10
Total Points	45

The proposed scale for allotting points for each Phase of work programme under the various sub-criteria are given below:

Table-4

Phase-I (Exploration Phase)	Physical Quantity	Weightage
Detailed geological, laboratory & engineering studies including selection of core hole sites.	Studies to be undertaken by all the bidders	Mandatory
i) Exploratory Corehole drilling including Geophysical logging (at least one Corehole should penetrate the technical basement)	1.0 points for each completion of targeted Coreholes.	0-8
ii) Analysis of coal grade, rank, cleat spacing of core samples obtained during Corehole drilling	0.25 point for 8 samples per Corehole	0-2
iii) Gas content analysis of coal samples by desorption and adsorption studies	0.5 point for 8 samples per Corehole	0-4
iv) Injection/Fall off test in the Coreholes for carrying out permeability study and reservoir simulation leading to forecasting of CBM gas and water productions.	0.25 point for each test	0-4
v) Drilling, completion, stimulation (hydrofracturing or cavitation etc.), well testing, dewatering (production testing) of the Test Wells . Forecasting of CBM gas production and water based on the results of reservoir simulation, hydro-geological studies, Preliminary economic assessment*	3 points for 1 Test Well	0-15
vi) Any other work considered necessary by the bidder subject to acceptance by the Evaluation Committee	To be specified by the bidder	0-1
vii) Accelerated exploration commitment	0.5 point for each complete 6 months reduction in period.	0-1
viii) Submission of reports: <ol style="list-style-type: none"> 1. At the end of Corehole drilling, testing and studies. 2. On the results of drilling and production testing of committed production Test Wells. 		Mandatory
	Total for Phase-I (a)	35
Phase-IIA		
a) Drilling of sufficient pilot wells.	0.5 point per pilot well (3/5 spot pattern wells in 1 or more clusters).	0-7.5
b) Accelerated commitment	0.5 points for each complete 6 months reduction in period	0-2.5
	Total for Phase-IIA - (b)	10.00
Phase-IIB		
c) Techno-economic feasibility report and full scale commercial development plan.	—	Mandatory
d) Market surveys and commitment	—	Mandatory
	Grand Total for Exploration Phase (a+b)	45.00
Phase-III Development well drilling plan and establishment of field facilities	No weightage points have been considered for Development Phase (Phase-III). However, bidders will have to indicate Development Plan, which will include the number of Development Wells proposed to be drilled and establishment of field facilities based on their assessment of the prospectiveness of the block(s)	Mandatory
	Grand Total	45.00

***The Test Well(s), if successful, can be considered as a part of cluster wells during pilot assessment Phase (Phase-IIA).**

(C) FISCAL PACKAGE

The Government Take (i.e the ratio of Government NPV to project NPV expressed in percentage terms) at a 10% discount rate, will be calculated and considered for giving points. The Government Take will include Production Level Payment (PLP) offered to the Government.

Government Take will be estimated under three field reserves sizes (low, most likely and high) and three **Gas Price** scenario (low, medium, high). The bidder offering the highest Government Take will be awarded the maximum 35 points and other bidders will be awarded points proportionately computed with reference to the Government Take of the highest bidder.

(D) Overall Track Record and Past Performance of the Company/Consortium

The past performance of the company including the track record of the company or the consortium in respect of court cases or any other basis may be taken into account by the Govt. and on this consideration or any other consideration, at the sole discretion of the Govt. it may accept or reject any or all bids.

