

# Petroleum Minister says launch of NDR and OALP is historic occasion for India's E&P Sector 22 Cabinet decisions taken in last 3 years in E&P

## First bidding round under DSF has been a success with 44 fields awarded

On the regulation side, marketing and pricing freedom has been given to operators for blocks awarded under CBM, DSF, difficult areas and HELP policies

E&P sector should have major investment in "Internet of Things", says Petroleum Minister

Greater choices for investments in the sector are being offered

Posted On: 28 JUN 2017 6:09PM by PIB Delhi

Minister of State (I/C) for Petroleum and Natural gas, Shri Dharmendra Pradhan, launched the National Data Repository (NDR) and Open Acreage Licensing Policy (OALP) under the progressive, market driven Hydrocarbon Exploration and Licensing Policy (HELP) of Government of India in New Delhi today.

Speaking at the event, Shri Dharmendra Pradhan said that the launch is a historic occasion in the history of India's Hydrocarbon Industry. Hon'ble Prime Minister gave the mandate for a modern, progressive, investor friendly world class policy for the next bidding round. He said that with the experience of several litigations and not very encouraging production output from NELP rounds, the Ministry decided not to go for incremental policy change but to have a completely new policy. Hydrocarbon Exploration and Licensing Policy (HELP) is an outcome of this.

Shri Pradhan said that the New India is agile; the New India is enterprising. It is keen to meet investors and eager to adopt new ideas. Our policies are industry friendly and transparent; we have created an enabling environment for industrial investments that has grown at an unparalleled speed in the last few years.

Citing that FDI in India was at the highest level in 2015-16 at a time when the global FDI had fallen, Shri Pradhan emphasized on Government's efforts to improve 'Ease of Doing Business'. He said that the recent introduction of the Goods and Services Tax, or the GST, from the 1<sup>st</sup> of July will be a path breaking step towards good time in Indian business and economic development. HELP, also, will make an equally significant impact, he added.

Exploration and production sector has remained a main focus area for the Government, more so after Hon'ble PM set a target to reduce import dependence by 10% by 2022. Shri Pradhan said that out of 42 Cabinet decisions taken during the last 3 years in O&G sector, 22 are on E&P sector. They range from gas price reform; to 9-points PSC reform; to streamlining CBM sector; to extension of Pre-NELP blocks; to holding DSF rounds etc. These policy decisions have powered the Government to undertake about 10 significant reform measures which will benefit industry participants in the E&P sector. These reforms range from National Seismic Program; to Discovered Small Field Policy; to Reform initiatives for enhancing domestic production such as incentive for production from difficult areas; to HELP and so on, he added.

The Minister said that as much as 52% of India's sedimentary basins are still unappraised and the last seismic data acquisition of the unappraised sedimentary basins was undertaken by the Government nearly 25 years ago. Thus the National Seismic Program was started last year. At the same time, the Government has also taken up a reassessment of hydrocarbon data of existing sedimentary basins for fresh volume estimation. The Government also came out with policy on Discovered Small Fields, and the first bidding round under DSF has been a resounding success with 44 fields awarded.

The Minister said that the Government is also working proactively on a number of other fronts to make the upstream sector vibrant. On the regulation side, marketing and pricing freedom has been given to operators for blocks awarded under CBM, DSF, difficult areas and HELP policies. The Government is also working on creating necessary supporting infrastructure – work on the National Gas Grid, including Pradhan Mantri Urja Ganga, has been fast-tracked.

Shri Pradhan said that the Government is also coming up with new policies on EOR-IOR ; Production Enhancement Contract; Shale Oil & Gas Policy for NELP and Pre-NELP blocks, Next set of PSC Reforms, 2<sup>nd</sup>Bidding Round under DSF policy, and so on.

The Minister added that the Government remains committed for making sustained and significant efforts to liberalize the sector by simplifying processes, increasing market access and bringing developments in the technology domain with the aim to enhance the efficiency of our oil and gas industry. He said that greater choices for investments in the sector are being offered.

National Data Repository has come forth as an integrated data repository of E&P data of the Indian sedimentary basins, in line with the Digital India initiative of Hon'ble Prime Minister. We expect Open Acreage Licensing to accelerate exploration activities in the country since investors can express their interest in an area which they feel has prospective without waiting for formal bidding.

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### **Full Text of Petroleum Minister's Speech at the Launch of National Data Repository (NDR) and Open Acreage Licensing Policy (OALP)**

“Shri K. D. Tripathi, Secretary Petroleum

Senior Government of India officials;

Distinguished Captains and stakeholders of the Hydrocarbon Industry;

Friends from the media;

Good Afternoon to all of you !!!

Friends, today we are meeting on a historic occasion. I remember when I assumed office, many oil and gas experts would ask me when are you going to have the NELP 10 bidding round. Those days I did not even understand what was NELP. However, soon I learnt about the E&P history of India and also evaluated the success and failures of NELP rounds.

Hon'ble Prime Minister was very clear from the beginning that we must bring a modern, progressive, investor friendly world class policy for the next bidding round. Someone pointed out the other day that the total production of oil and gas from NELP blocks is equivalent to only 3 days of India's oil consumption. With the experience of several litigations and not very encouraging production output from NELP rounds, we decided not to go for incremental policy change but to have a completely new policy. HELP is an outcome of this.

Friends, Hon'ble Prime Minister has just completed a very productive visit to the United States where he talked about the convergence between his vision for 'New India' and also mentioned about need of having 'good governance' with 'fast development'. Series of reforms and new initiatives have been taken in this direction in last 3 years.

Slowdown seems to have become the new norm in Global economy. India, on the contrary, has managed to maintain its GDP growth rate, at over 7% in last 2 years. Even after the demonetization initiative, the annual GDP growth for FY 2016-17 is over 7%. The Government is aiming at double digit GDP growth in coming years. India is marching steadily towards emerging as a leading global economy, aided by several transformational reforms and innovative campaigns by the Government.

The economic policies are complimented by a **series of proactive initiatives** such as Make in India, Digital India, Ease of Doing Business, Skill India, and Startup India. As India moves forward and shapes a positive growth story, we hope to build a '**New India**' - '**Bhavya and Divya Bharat**' - driven by complete transformation of the country through enhancing education and skilling programmes and incorporating innovation in all our lives, as envisioned by Hon'ble Prime Minister.

Friends, the New India is agile; the New India is enterprising. It is keen to meet investors and eager to adopt new ideas. Our policies are industry friendly and transparent; we have created an enabling environment for industrial investments that has grown at an unparalleled speed in the last few years.

India is first amongst the World's most attractive investment destinations. FDI in India was at the highest level in 2015-16 at a time when the global FDI has fallen. The total FDI investments India received during April 2016-March 2017 rose 8 per cent year-on-year to US\$ 60 billion, indicating that government's effort to improve 'Ease of Doing Business' is yielding positive results.

Coming to the recent times, the introduction of the Goods and Services Tax, or the GST, from the 1<sup>st</sup> of July will be a pathbreaking step towards good time in Indian business and economic development.

Similarly, HELP is the new kid on the block in India's hydrocarbon industry that, I believe, will make an equally significant impact. Hence, I consider today's launch of National Data Repository and Open Acreage Licensing programme as a historic occasion.

Our Government completed 3 years in office in May 2017. In these little over three years, we in Petroleum Ministry have made a sincere attempt to do different things as well as to do things differently. Exploration and production sector has remained a main focus area, more so after Hon'ble PM asked us to reduce import dependence by 10% by 2022.

Out of 42 Cabinet decisions taken during this period in our sector, 22 are on E&P sector. They range from gas price reform; to 9-points PSC reform; to streamlining CBM sector; to extension of Pre-NELP blocks; to holding DSF rounds etc.

These policy decisions have powered the Government to undertake about 10 significant reform measures which will benefit industry participants in the E&P sector. These reforms range from National Seismic Program; to Discovered Small Field Policy; to Reform initiatives for enhancing domestic production such as incentive for production from difficult areas; to HELP and so on. We can proudly claim that we have not only brought in policy reforms, but we have also implemented them.

As much as 52% of India's sedimentary basins are still unappraised. The last time that seismic data acquisition of the unappraised sedimentary basins was undertaken by the Government was nearly 25 years ago. We realized that lack of updated, validated G&G data on Indian sedimentary basins was hampering our E&P efforts. That's why, the National Seismic Program was started last year. At the same time, the Government has also taken up a reassessment of hydrocarbon data of existing sedimentary basins for fresh volume estimation.

There has been no bidding of domestic exploration blocks since NELP-IX which was launched way back in 2010. We came out with the policy on Discovered Small Fields, and the first bidding round under DSF has been a resounding success with 44 fields awarded. It is satisfying to see that many of the winners were new entrants to this industry.

The Government is also working proactively on a number of other fronts to make the upstream sector vibrant. On the regulation side, as you are aware, marketing and pricing freedom has been given to operators for blocks awarded under CBM, DSF, difficult areas and HELP policies. We are working on creating necessary supporting infrastructure - work on the National Gas Grid, including Pradhan Mantri Urja Ganga, has been fast-tracked. On the demand side, we are working on establishing a Gas Trading Hub to develop a robust marketing system.

Having come thus far, the Government now wants to propel Indian E&P to the next higher orbit. As you all know, most of our production of oil and gas come from nomination fields with ONGC and Oil India. We have now started monitoring those fields and have given new bench marks to the National Oil Companies to increase production.

The international benchmark of recovery of oil from the reservoir is 35 to 40 percent and that for recovery of gas is 55 to 70 percent. In India, the current recovery factors of ONGC and Oil India for crude oil are as low as 27 percent and 23 percent. In case of Natural Gas, it is 54 percent and 43 percent for ONGC and Oil India respectively.

In this context, we are coming up with new policies on EOR-IOR ; Production Enhancement Contract; Shale Oil & Gas Policy for NELP and Pre-NELP blocks, Next set of PSC Reforms, 2<sup>nd</sup> Bidding Round under DSF policy, and so on. There is a need for introducing new thinking, new technologies and remaining ahead of the curve. I am told E&P sector should have major investment in “Internet of Things”. Digital oil fields, all infrastructure linked to the network, ability to monetize micro reserves are the new areas we need to look at.

Recently, during my visit to a marginal oil field in Vienna, I was exposed to best practices on how to use sensors and small in-house innovations to reduce cost of production and technology to monetize small gas production. In contrast, today morning a visitor pointed out how in India we have practices like having idle rigs and other assets; unscientific inventory and HR management; flaring of gas and remaining which are keeping us behind the technology curve.

I urge the potential investors in this new bidding regime to come ahead with the new approach. We have diligently strived to make Indian E&P sector attractive for investors. We realize that Indian companies need to partner with the world’s leading E&P players, and that we need to deploy the world’s foremost technologies available to fully unlock the potential of Indian upstream sector. In this context, I welcome the recent announcement of BP-RIL consortium to invest Rs. 40,000 Crores in KG basin.

Government has consciously tried to reduce administrative and regulatory roadblocks and to infuse new technologies. Just to cite one example, the bidding for Discovered Small Fields on E-bidding platform was the first ever bidding for exploration blocks in India on was carried out through e-bidding platform. This made the bidding process both transparent and speedy.

Going forward, the Government remains committed for making sustained and significant efforts to liberalize the sector by simplifying processes, increasing market access and bringing developments in the technology domain with the aim to enhance the efficiency of our oil and gas industry.

We are offering greater choices for investments in the sector. There has never been a better time to invest in India’s E&P given the ample opportunities available to you all. The recently concluded Discovered Small Fields Bid Round 2016 was a small, yet encouraging step to gauge the positive investor sentiment for the Indian hydrocarbon industry. And we hope to take this momentum forward with today’s event.

National Data Repository has come forth as an integrated data repository of E&P data of the Indian sedimentary basins, in line with the Digital India initiative of our Hon’ble Prime Minister. We expect Open Acreage Licensing to accelerate exploration activities in the country since investors can express their interest in an area which they feel has prospective without waiting for formal bidding.

I will not go into details of the National Data Repository and Open Acreage Licensing Policy here since my colleagues from the Ministry and DGH have already shared the salient features earlier. We are convinced that technological reforms are critical to revitalizing our upstream sector. It is, therefore, that I am extremely upbeat about today’s launch of National Data Repository and Open Acreage Licensing.

Let me conclude by expressing my optimism that the two new initiatives of National Data Repository and Open Acreage Licensing launched today would facilitate making business decisions pertaining to investment in our upstream sector more effectively. I congratulate all associated stakeholders on the inauguration of National Data Repository and Open Acreage Licensing, and urge you all to make the most of these unique opportunities available to us.

Thank you. “

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