



# **Mercator Petroleum Limited (Under CIRP)**

## **Highlights**

**April 2022**

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# Abbreviations

AOI	Area of Interest
bbl	Barrels
BOE	Barrels of Oil Equivalent
BOEPD	Barrels of Oil equivalent per day
BOPD	Barrels of Oil per day
CIRP	Corporate Insolvency Resolution Process
CNG	Compressed Natural Gas
COSA	Crude Oil Sales Agreement
DGH	Directorate General of Hydrocarbon
DOC	Declaration of Commerciality
DP	Delivery Point
DSF	Discovered Small Fields
EC	Environmental Clearance
EPS	Early Production System
ESP	Electrical Submersible Pump

EUR	Estimated Ultimate Recovery
FDP	Field Development Plan
Govt.	Government
HCPV	Hydrocarbon Pore Volume
HOEC	Hindustan Oil Exploration Company
INR	Indian Rupee
IOCL	Indian Oil Corporation Ltd
LKM	Line Kilometre
MC	Management Committee
MDT	Modular Dynamic Testing
MMBBL	Million Barrels
MMBOE	Million Barrels of Oil Equivalent
Mn	Million
MOU	Memorandum of Understanding
MoEF&CC	Ministry of Environment, Forests & Climate Change

MPL	Mercator Petroleum Ltd
MT	Magneto Telluric
MWP	Minimum Work Program
NDR	National Data Repository
NELP	New Exploration Licensing Policy
OPEX	Operating Expenditure
PEL	Petroleum Exploration License
PML	Petroleum Mining Lease
PSC	Production Sharing Contract
PTIM	Pre-Tax Investment Multiple
Sq. Km	Km Square Kilometres
STOIP	Stock Tank Oil Initially in Place
RF	Recovery Factor
USD	United States Dollar
WI	Water Injection



## Overview

## About Mercator Petroleum

- Mercator Petroleum Ltd. (“MPL” or “The Company”) is engaged in Exploration & Production activities in the Cambay Basin in India
- MPL was awarded the onshore block: **CB-ONN-2005/9 (“The Asset”)** under **7th NELP round (NELP – VII)** in 2008 (area: **132.2 Sq. Km**)
- MPL holds 100% Interest in CB-ONN-2005/9
- PSC with the MoPNG was signed on 22<sup>nd</sup> Dec 2008
- MPL admitted under CIRP in Aug 2020

## Current Status of Asset

- Estimated Oil Discovery of 45.5 MMBBL – OIIP. FDP approved for OIIP (2P) of 41.3 MMBBL
  - Recovery Factor 57.6%; EUR 23.79 Mn
  - Peak Oil Prod. 6,000 BOPD from 3<sup>rd</sup> year
  - 13 Wells: 2 Exist. + 9 Dev. + 2 WI
- Premium (over Brent) Oil reserves (41°API)
- Block has no exploration Liability
- MWP approved in 2019 for Phase I & II (relinquished)
- Developmental EC in place since Jan 2020 for 7 yrs
- Mining Lease granted in June 2018 for 20 yrs

## Key Highlights of Asset

- Block situated in established and proven Petroleum system in Cambay Basin & surrounded by Palej (East), Matar (North), Ankleshwar and Andada (South) & Gandhar and Pakhajan (West)
- Petroleum Mining Lease (PML) & Environmental Clearance (EC) from MoEF for Field Development in place; Excess exploratory area surrendered
- FDP approved by DGH on 26<sup>th</sup> Feb 2018 for 31.37 Sq. Km of discovery area with OIIP 41.3 MMBBL
- Test production for 6 months from 17<sup>th</sup> Sep 2018 to 3<sup>rd</sup> Apr 2019
- Investment phases of the block is already completed and the block is ready for development
- Commercial production can commence fairly quickly from the two existing wells (J1 & J2)
- Offtake - Indian Oil Corporation’s Koyali Refinery, which is located at a distance of about 60 Km
  - Short term Crude Oil Sale Agreement (‘COSA’) signed with Indian Oil Corporation in Nov 2019
  - ONGC received Crude Oil for testing & transportation at its Ankleshwar-Koyali Trunk Pipeline at HOEC-JV’s Palej Facility (~18 Kms)

Source: Company Information





# Asset Overview

# History & Status of Wells Drilled

Wells	Drilling Start Date	Drilling End Date	Target Depth (M)	Drilled Depth (M)	Comments / Status
Jyoti-1	May 2014	Jun 2014	3,240	2,936	<ul style="list-style-type: none"> <li>• Production testing carried out for 1 day with well successfully flowing ~830 BOPD of oil</li> <li>• Prolonged production testing of 10 days undertaken in April &amp; August 2018</li> </ul>
Jyoti-2	Jun 2015	Aug 2015	2,850	2,807	<ul style="list-style-type: none"> <li>• Production testing carried out for 1 day with well successfully flowing ~2,000 BOPD of oil</li> </ul>
Jyoti-3	Nv 2015	Dec 2015	2,750	2,727	<ul style="list-style-type: none"> <li>• Oil and gas shows with marginal saturation &amp; has been earmarked for production testing later</li> </ul>
Jyoti-4	Dec 2015	Feb 2016	2,700	2,622	<ul style="list-style-type: none"> <li>• Poor Saturation – well may be used for effluent disposal during production</li> </ul>
Jyoti-5	Apr 2017	Jun 2017	2,500	2,631	<ul style="list-style-type: none"> <li>• Oil and gas shows with marginal saturation &amp; has been earmarked for production testing later</li> </ul>
Jyoti-6	Aug 2017	Sep 2017	3,085	3,085	<ul style="list-style-type: none"> <li>• Cambay shale to be tested in the future</li> </ul>
Jyoti-8*	Dec 2017	Feb 2018	3,000	2,854	<ul style="list-style-type: none"> <li>• Poor Saturation – plugged &amp; abandoned</li> </ul>
Jyoti-10*	Mar 2018	May 2018	2,900	2,112	<ul style="list-style-type: none"> <li>• Well faced technical issues during drilling – Sidetrack to be done during 2nd phase of exploration</li> </ul>

\*: Jyoti – 8 & Jyoti – 10 are part of the relinquished area and fall outside the development area

Source: Company Information

# Statutory Clearances

Sr. No.	Phase	Status
1.	Field Development Plan (FDP)	<ul style="list-style-type: none"> <li>FDP approved by DGH on 26<sup>th</sup> February 2018 for 31.37 Sq. Km of discovery area with OIIP 41.3 MMBBL</li> </ul>
2.	Petroleum Mining Lease (PML)	<ul style="list-style-type: none"> <li>Grant of PML received from Department of Petroleum in June 2018 for commencing production from the block</li> <li>PML granted for a period of 20 years i.e. till 2038</li> </ul>
3.	Environmental Clearance (EC) from MoEF	<ul style="list-style-type: none"> <li>Committee of MOEF cleared the EC on 3<sup>rd</sup> April, 2019</li> <li>EC for onshore development and production has been received in Jan 2020</li> </ul>
4.	Minimum Work Programmes (MWP)	<p>Approved in 2019</p> <ul style="list-style-type: none"> <li>PEL for CB-ONN-2005/9 was granted for 132.2 Sq. Km on 3<sup>rd</sup> Jun 2010</li> <li>MWP approved for exploration Phase I; 53 Sq. Km relinquished</li> <li>MWP approved for exploration Phase II; 47.83 Sq. Km relinquished</li> <li>31.37 Sq. Km development area retained</li> </ul>

Source: Company Information



# Summary of Reserves & Resources

Volume	LEAP Energy Certification (Dec 2017)		
	LEAP STOIP (MMBBL)	RF%	EUR with WI (MMBBL)

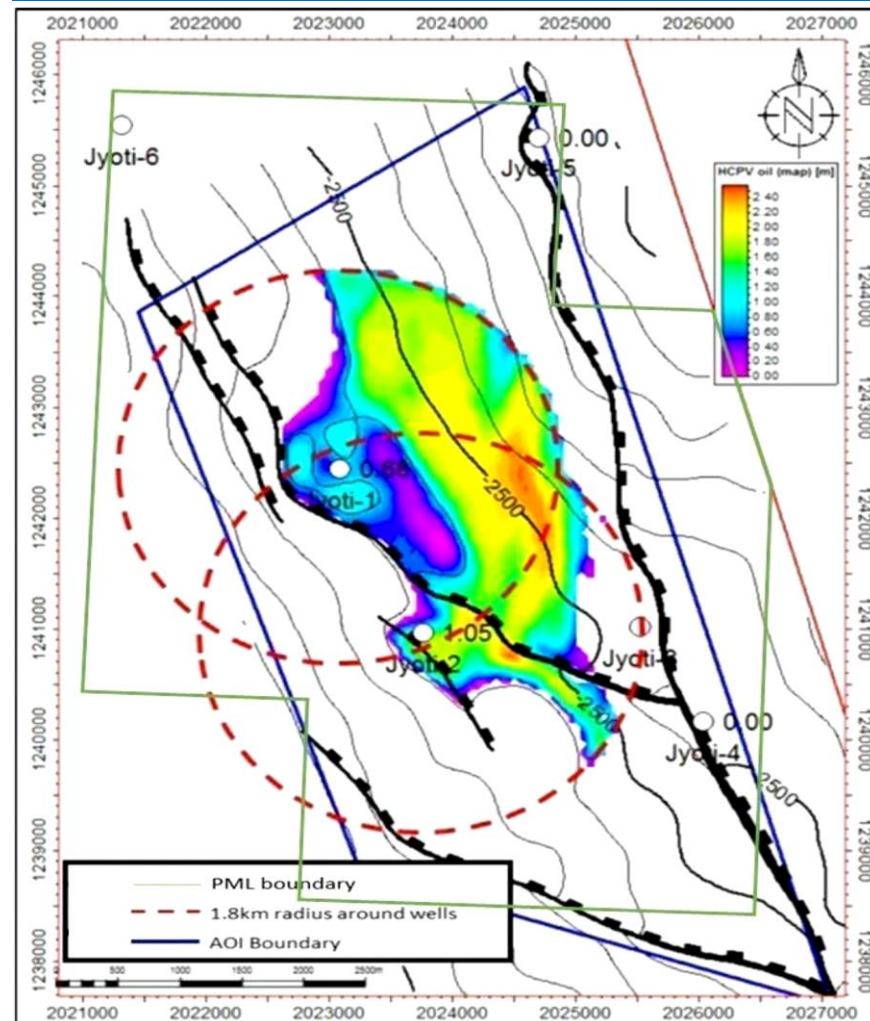
1P	35.5	60	21.3
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2P	43.7	60	26.2
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3P	65.8	60	39.5
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- Resource Validation of CB-ONN-2005/9 Block undertaken by LEAP Energy in December 2017
- 1P & 2P Volumes calculated within a 1.8 Km radius of Jyoti-1 & Jyoti-2 wells
- 3P Volumes calculated within entire AOI of 24 Km<sup>2</sup>
- Recovery Factor (RF) of 50%-60% estimated as a result of the high quality of reservoir rocks

## Hydrocarbon Pore Volumes (HCPV) in AOI



Source: Company Information

# PSC Terms & Conditions

- Royalty payable
  - Oil: 12.5% (Effectively: 11.11%)
  - Natural Gas :10%
- Production costs & royalty payments incurred in any year are recoverable in full out of Cost petroleum
- Effective gross share of Operator being 41%
- 100% Tax Deduction may be allowable for the following under section 40A & 44C of Income Tax Act, 1961:
  - Capital Expenditure incurred on Exploration & Drilling operations
  - Revenue Expenditure incurred on Exploration & Drilling operations
  - Unsuccessful Exploration costs, if any

Key PSC Terms	
Participating Interest	MPL (100%)
PSC Start Date	2008
PML End Date	2038
Cost Petroleum Recovery	18% of value of petroleum sold in a Year
Profit Petroleum	29% of value of petroleum sold in a Year
Royalty	Oil: 12.5% (Effectively: 11.11%) Natural Gas: 10.0%

Illustration		
A	Gross Revenue from Sale of Crude Oil	100.00
B = A * 18%	Less: Cost of Petroleum (18% of Gross Revenue)	18.00
C = A – B	Profit Petroleum	82.00
D = C * 29%	MPL Share in Profit Petroleum (29% of Profit Petroleum)	23.78
<b>B + D</b>	<b>Net Revenue to MPL</b>	<b>41.78</b>

Source: Company Information



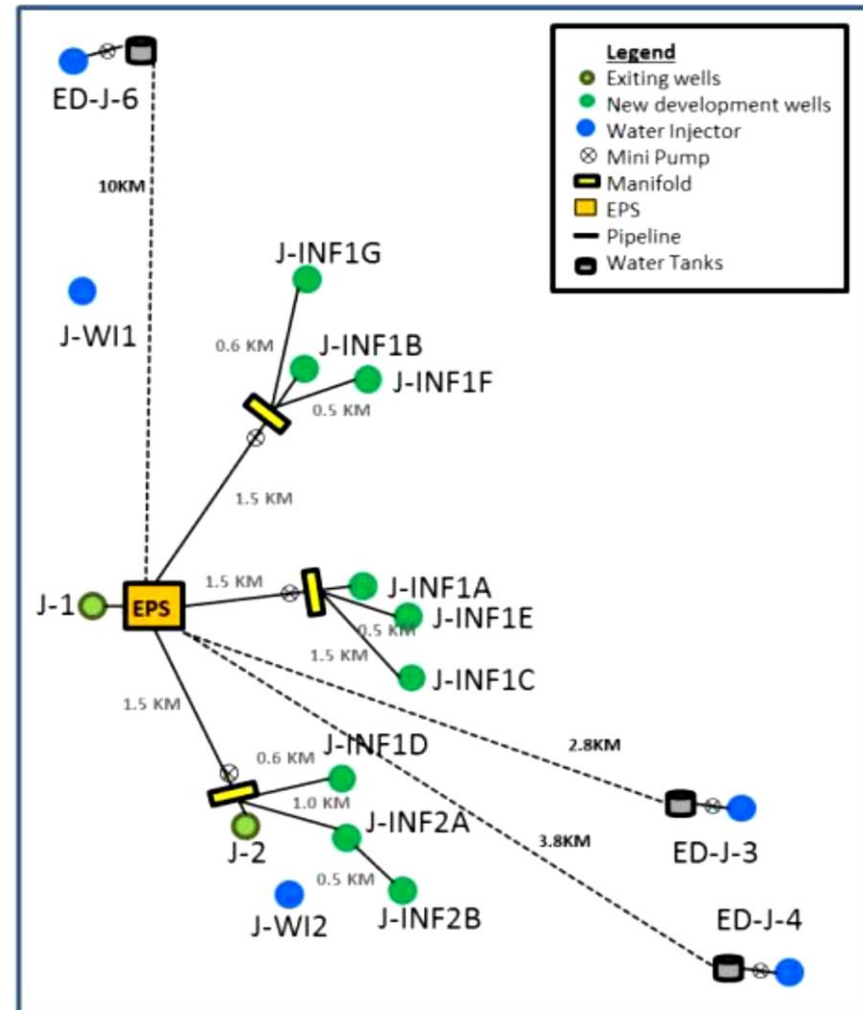
# Asset Development Plan



# Asset Development Plan

- The asset development plan envisaged bringing Jyoti-1 (J-1) & Jyoti-2 (J-2) onto production in 2018 through an Early Production Systems (EPS)
- Production commenced in discovered well Jyoti-1 (J-1) on 19<sup>th</sup> September 2018. Production in discovered well Jyoti-2 (J-2) envisaged in May after completion of ongoing cementation / workover jobs
- MPL's development strategy consisted of the following steps:
  - Drill 3 Infill developmental wells in discovered area (INF-1G & INF-1A from Jyoti-1 discovery & INF-2A from Jyoti-2 discovery) to achieve peak production of 6,000 bbl from Block
  - Putting in smaller Production Systems (PS) on J-1 & J-2 and centralized PS on development wells
  - Connecting Development wells with internal pipelines
  - Development plan – construction of crude pipeline to ONGC's pipeline located ~18 Km from asset
- As per approved FDP, Total Capex estimated at US\$27.65\* Mn (US\$1.2 per bbl)
- As per approved FDP, Annual Opex during 20 years estimated between US\$ 2–8.7 Mn (Average ~US\$5.1\* per bbl)

## Field Development Layout



Note: \* As approved by Management Committee; Source: Company Information



## Creditors' List

# Creditors' List

Sr. No.	Creditors (As on 1 <sup>st</sup> Apr 2022)	Amount Claimed (INR Cr)	Amount Admitted (INR Cr)	Amount under Verification (INR Cr)
1	Financial Creditor	378.07	378.07	0.00
2	Operational Creditor	101.15	31.53	62.98
	<i>of which:</i>			
a	<i>Operational Creditors</i>	97.95	30.68	62.20
b	<i>Land Rent (Farmers)</i>	3.20	0.85	0.78
3	Employee	0.01	0.01	0.00
4	Financial Creditor (unsecured)	250.87	118.18	0.00
	<b>Total</b>	<b>730.10</b>	<b>527.78</b>	<b>62.98</b>

Source: Company Information; Data as on 1<sup>st</sup> April 2022





# Thank You

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