

**NOTICE INVITING OFFERS
FOR
EXPLORATION AND PRODUCTION
OF
COAL BED METHANE - FOURTH OFFER
(CBM-IV)**

NOTICE INVITING OFFERS FOR EXPLORATION AND PRODUCTION OF COAL BED METHANE

ANNOUNCEMENT

In order to explore and produce Coal Bed Methane (CBM), the Government of India announces offer of 10 blocks. Out of these, one block each is located in the States of Assam, Jharkhand and Tamil Nadu, two each in Orissa, Maharashtra and Madhya Pradesh. One block extends over the States of Madhya Pradesh and Chhattisgarh. 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 bidders 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.
- 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 the Model Contract (MC) is provided.

BIDDABLE TERMS

Companies would be required to bid for:

- 1) Work programme commitments.
- 2) Production Level Payment (PLP) share offer to Government of India at the lowest tranche i.e. at up to 0.5 MMSCMD of CBM Production Rate and the highest tranche at 2.0 MMSCMD or above of CBM Production Rate.

A detailed Bid Format is available in the CBM-IV docket as well as on the web sites:

www.indianelpviii.com

www.petroleum.nic.in

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, will be based on four (4) sub-criteria i.e., experience of the operator (in terms of number of years), oil & gas and CBM acreage holding, oil & 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 Bid Evaluation Criteria (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 auditors(s) stating that the company has a networth equal to or more than its Minimum Work Programme commitment for Exploration Phase (Phase-I) and Pilot Assessment Phase (Phase-II). In case the parent company's financial and performance guarantee is provided, the certificate from parent company's statutory auditor(s) for the last three years would be required with respect to annual report, annual accounts and networth certificate. In the event a company has different statutory auditor(s) in the last three years, then the company will have the option to submit such certificates from the latest statutory auditor(s) of the company in respect of previous three years. 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 member of the consortium happens to be the first ranked bidder for two or more blocks, the networth of the company must be equal or more for aggregate value of the work programme commitment in all such blocks. In case, the company's networth is less than the value of 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 companies 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 biddable work programme by the bidding company(ies)/ consortium will be considered for evaluation purposes. Any contingent/ conditional work programme will be ignored, while evaluating the bids.

iv) **Fiscal Package:**

The offered share of Production Level Payments (PLP) to Government of India at the lowest tranche (up to 0.500 MMSCMD of CBM Production Rate) and the highest tranche (2.000 MMSCMD or above of CBM Production Rate) will be taken into account for evaluation of fiscal package. The Share of PLP to Government of India corresponding to Production Rate

expected to be reached between the lowest and the highest tranches indicated above will be interpolated on a linear scale with a positive slope, depending upon the exact monthly average of production rate based on daily CBM produced and saved.

CBM Production Rate is average monthly production rate in contract areas in Million Standard Cubic Metres per Day (MMSCMD)

v) **Weightages:**

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

Sl.No.	Criteria	Weightage on a scale of 100 points
a)	Technical Capability	30
b)	Work Programme	35
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 Acreage Holding in oil & gas and CBM, In place Reserves of oil & gas and CBM, average annual production in last three years and experience as an operator in exploration and /or production of CBM and oil & gas in last five years, taken together should be more than zero.
 - (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 offers for Exploration and Production of Coal Bed Methane - Fourth 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 blocks being bid for and the requisite Information Docket of the Coalfield, (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 other bidders.

INFORMATION AVAILABILITY

A brochure of Notice Inviting Offers (NIO) giving details of the CBM blocks on offer, their geographical location on a map of India, the terms and conditions, Bid Evaluation Criteria (BEC), Bid Format (BF) and Price List, a copy of Model Contract (MC) is available free of cost to Companies. Copies of these documents may also be seen at the exclusive CBM website: www.indianelpviii.com or at the website of Ministry of Petroleum & Natural Gas, www.petroleum.nic.in or 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 centers at Noida (India), Houston (USA), Calgary (Canada) 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 document docket.

For a bid to be valid, bidding company or any member of consortium, as the case may be, is required to submit proof that it has purchased the requisite Data Package of the block to be bid (for details, please refer Bid Document titled "Price List").

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

C-139, Sector- 63,

Noida, India

Telephone: (91-120) 4029400

Fax : (91- 120) 4029410

Website : <http://www.dghindia.org>

Bids should be submitted in duplicate in sealed envelopes superscribed " Confidential" "Bid for Coal Bed Methane Block _____" not later than **12:00 hours Indian Standard Time (IST) on 10th August, 2009 (Monday)** at the above address.

Public opening of bids in the presence of the authorized representative(s) of the bidders(s) will take place **at 13:30 hours IST on the same day** at above address or at any another venue which will be notified in the national newspapers. Bidders intending to be present during bid opening should depute their authorized representative(s).

Sd/-

(D. N. Narasimha Raju)

Joint Secretary to the Government of India

Ministry of Petroleum & Natural Gas

New Delhi, India 110001

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Dated: April 09, 2009

CBM BLOCKS ON OFFER UNDER FOURTH ROUND OF BIDDING



**DETAILS OF COAL BED METHANE BLOCKS ON OFFER UNDER
FOURTH ROUND OF BIDDING (CBM-IV)**

Sl.No.	Coal Field	Block Name	Area (Sq. Km.)	State
1	Raj Mahal	RM(E)-CBM-2008/IV	1128	Jharkhand
2	Talchir	TL-CBM-2008/IV	557	Orissa
3	Ib Valley	IB-CBM-2008/IV	209	Orissa
4	Singrauli	SR(W)-CBM-2008/IV	269	MP
5	Sohagpur	SP(NE)-CBM-2008/IV	339	MP & Chhattisgarh
6	Satpura	ST-CBM-2008/IV	714	MP
7	North East	AS-CBM-2008/IV	113	Assam
8	Wardha	WD(N)-CBM-2008/IV	442	Maharashtra
9	Wardha	WD(E)-CBM-2008/IV	503	Maharashtra
10	Mannargudi	MG-CBM-2008/IV	766	Tamil Nadu

GEOLOGICAL SET UP OF THE COAL FIELDS OF THE CBM BLOCKS ON OFFER

RAJMAHAL COALFIELD, JHARKHAND

Rajmahal hills in Jharkhand show a vast expanse of Gondwana sediments below a thick cover of basaltic lava flows. This forms a part of extensive Tholeiite volcanic province, in which the heat flow from Lower Cretaceous Volcanics has locally metamorphosed the underlying Barakar coal seams to a varying degree. In some favourable thermal aureoles, coal seam gas is stored in the seams. CBM operation has commenced in a block, which lies adjacent to this block on offer.

The basin shows variation in coal formation north to south over a stretch of about 100 Km. In this belt, I – XV seams (1.0-13.3m) in north, nine seams in central part (0.5-28m) and four seams (2-32.3m) in the southern part are found to be developed. The cumulative average coal thickness is estimated at 40m. The coals correspond to High Volatile 'B' to 'C' rank with varying Vitrinite Reflectance (VRo) of 0.41 to 0.81%. The limited adsorption isotherm data shows a gas content of 7.1-8.7 m³/t at a pressure of 46 to 57 atmospheres. But due to under saturation of seams on account of periodic basin uplift, a conservative gas content of 3m³/t is kept in view. The CBM gas in all probability is stored in seams, which are soaked to higher thermal regime associated with Rajmahal volcanism in localized area.

A CBM block RM(E)-CBM-2008/IV, covering an area of 1128 Sq. Km. is on offer for exploration and production of CBM. The block has about 91.0 BCM of estimated CBM resource.

TALCHIR COALFIELD, ORISSA

This coalfield is located in the southern end of the Mahanadi valley Gondwana belt in Orissa. Talchir coalfield is a large repository of coal in the country. Large part of the coalfield is covered by Barakar Coal measures (Lr. Permian) and overlying Barren Measures Formation. Towards west, where the CBM block is carved out, the basin has a cover of Lr. Triassic Kamthi sediments, which overlies Barakar Formation with an angular unconformity. The Barakar Formation contains a number of thick coals of which seams I – XI are regionally persistent with a total thickness of 80m. Of these eleven seams, seam IX (maximum thickness 30.4 m), combined seam zone of VI/VII/VIII (32.3 – 66.6m), seam II (4.6 – 9.6m) and seam I (10m in split sections) are important. The chemical and petrological characters show that the seams generally correspond to High Volatile Bituminous 'C' category. The Vitrinite reflectance varies from 0.48 to 0.59%. The adsorption isotherm of seam I show a moisture-equilibrated gas content of 8.4 m³/t at a pressure of 79.5 atmosphere. In the CBM block, the coal seams occur at a depth of 600 -1200m and at such deeper levels, Talchir coals are likely to store moderate amount of gas.

One CBM block TL-CBM-2008/IV, covering 557 Sq. Km. area is on offer for exploration and production of CBM. The CBM resource of the block is estimated at 74.55 BCM.

IB VALLEY COALFIELD, ORISSA

IB valley Gondwana basin forms the central segment of the western Gondwana basin in the Mahanadi valley belt. This block covering 209 Sq. Km area lies adjacent to Mand -Raigarh coalfield in Chattisgarh state where CBM operation is currently in progress. The Ib valley coalfield is conspicuous by

development of several persistent thick seams in Barakar Formation (Lower Permian) of which Lajkura and Rampur seams are important. The offered CBM block occupies the axial region of the Gondwana basin where the sediments are warped in a synclinal structure. In both the limbs, the Barakar coal seams have been probed below the younger cover of Kamthi Formation. The cumulative coal thickness is 40-50 m. The coals by and large correspond to High Volatile Bituminous 'B' to 'C' rank with VRO varying from 0.48% to 0.54%. A few adsorption isotherm data of coal samples from adjacent colliery area shows good gas content of 8.0 – 8.2 m³/t (moisture equilibrated) at 78-79 atmosphere pressures. But such coal seams are often under saturated due to periodic uprise of the basin and diffusive loss of gas. Accordingly an average gas content of 3-4 m³/t can be taken with consideration for estimation of coal bed methane resource.

One CBM block IB-CBM-2008/IV, covering an area of 209 Sq. Km. is on offer for exploration and production of CBM. The resource has been estimated at 34.1 BCM.

SINGRAULI MAIN BASIN, MADHYA PRADESH

Singrauli is the major coal producing area in northern India. It is a composite basin comprising Moher basin on the east, where a number of coal mines are in operation and the extensive main basin on the west. In the main basin a CBM block has been offered earlier where operation is in progress. Another block adjacent to this block is now carved out. The entire area of the block is covered by Supra Barakar, Raniganj and Pali Formation (Upper Permian–Lower Triassic). The area has witnessed the episodes of emplacement of thick basic intrusive. The coal bearing Barakar Formation, which is covered by younger Gondwana sediments, contains 8 seams of which seam IV Top (3.75m) and seam III (2.3m) are important. The coals by and large correspond to High Volatile Bituminous 'B' to 'C' rank with Vitrinite reflectance of 0.51-0.56%

The block is defined on the north by Son-Narmada geo fracture, which has seen episodic movement during geological past. As such the coal seams are likely to have good permeability. The adsorption isotherm data, at 40-60 atmospheric pressure shows a moisture-equilibrated gas content of 5.7 – 8 m³/t. The igneous intrusive may locally enhance the gas content of seams in the thermal aureole around intrusive bodies. A conservative gas content of 3.5 m³/t has been considered for estimation of CBM resource.

One CBM block SR(W)-CBM-2008/IV, covering an area of 269 Sq. Km. is on offer for exploration and production of CBM. The CBM resource of the block is estimated on a conservative basis at 8.97 BCM.

SOHAGPUR COALFIELD, MADHYA PRADESH

Two blocks offered under CBM Round-I in the central part of Sohagpur coalfield proved to be major productive CBM plays. The offered blocks show the development of gassy seams in Barakar Formation, with good thickness, excellent permeability and other favorable reservoir parameters for sustained commercial production of CBM. Based on an in-depth study of these parameters, it is possible to carve out a CBM block in the northeastern part of the coalfield adjacent to SP(E)-CBM 2001/I block. The block covers an area of 339 Sq. km. and shows exposures of younger Pali & Parsora and dolerite intrusive where the coal seams are likely to occur at 600-1200 m depth. Five regional seams viz seam V (0.5 – 11.0 m), seam III (1.5 – 3.0 m) and three other thinner seams are developed in Barakar Formation

of Gondwana sequence. The cumulative coal thickness is 5.0-15.0 m. The coals are likely to attain high rank of Highly Volatile Bituminous 'A' to 'B' category. In the adjacent area, the seams in general show excellent permeability. The available desorption and adsorption isotherm data shows that coals are likely to have an average gas content of 5-6 m³/t.

One CBM block SP(NE)-CBM-2008/IV, covering an area of 339 Sq. Km. is on offer for exploration and production of CBM. The block is estimated to have a resource of 17.21 BCM.

SATPURA COALFIELD, MADHYA PRADESH

Satpura Gondwana Basin along the Narmada valley contains a thick pile of Gondwana sequence of Lower Permian to Lower Cretaceous age. The Barakar Coal measures are exposed as a linear belt along the southern flank of the basin extending from PENCH valley, through Kanhan valley to Tawa valley in the west. In part of this coal belt, the coal seams in Kanhan – Eastern Tawa Valley area, witnessed an enhancement of rank and shows evidence of generation of substantial amount of methane. Several collieries viz Rakhikol, Damua and Kalichapper are classified as Degree III gassy mines. There are also evidences of gas seepages through faults and fissures in several parts of the coalfield.

The Barakar coal measures are covered by younger Moher and Bijori sediments (Upper Permian), which in turn are often capped by lava flows of Deccan Trap affinity.

A set of sub parallel basic dykes has intruded the coal measures and has often extended the rank of coal. In this coal belt 5 seams in eastern part (1.0-4.2m), 3 seams in central part (1-6m) and 4 seams (0.96-3.2m) are developed in Barakar Formation. The cumulative coal thickness is 8.0–15.0m. The higher rank coals in central part shows a Vitrinite Reflectance of 0.8-0.99%. Adsorption isotherm shows a moisture-equilibrated gas content of 5.0-7.4 m³/t at 200m depths. In the CBM block where the coal seams occur in the depth range of 300-1200m, gas content is likely to be higher due to enhancement of rank at depths.

A CBM block ST-CBM-2008/IV, covering an area of 714 Sq. Km. is on offer for exploration and production of CBM. The block is likely to have a CBM resource of 25.37 BCM.

NORTH EAST COAL FIELDS, UPPER ASSAM

The coalfields of Assam, Nagaland and Arunachal are aligned along a linear mobile belt, which has witnessed intense tectonic deformation in Tertiary period. The coal measures are disposed as imbricate thrust slices in the belt of "Schuppen". In this coal belt Makum coalfield has the major producing collieries. In this belt of Schuppen a prospective area has been delineated between two major thrusts- Kumsai thrust and Margherita thrust, where two wells drilled by OIL have penetrated thick sequence of coal in Tikak Parbat Formation (Oligocene) of Barail Group. In Toklong borehole, more than 80m of coal in four sections have been recorded beyond 800m depths. The coals of Upper Assam are unique in the world as these show dual characters of both low rank (UVM 47.5-51.8%) and high rank (VRo 0.72 – 0.75%) parameters. The coals also have high sulphur content of which the bulk is organic sulphur. The coals were evidently deposited in near-shore environment.

In the adjoining Makum coalfields similar sequence of coal in Tikak Parbat Formation is recorded. The seams are extremely gassy and the mines are classified as Degree III gassy mines. The desorption data at shallow depth show that seams contain more than 5 m³/t of gas. The deposited coals in Toklong – Jagun area where the CBM block is delineated may store substantial amount of gas. On top of that, the coalfield being located in a tectonically deformed belt should indicate high permeability of coal.

One CBM block AS-CBM-2008-IV covering an area of 113 Sq. Km. is on offer for exploration and production of CBM. The CBM resource is estimated at 60.3 BCM.

WARDHA COALFIELD, MAHARASHTRA

A large Gondwana basin extends along Godavari - Pranhita Valley from Andhra Pradesh to peninsular heartland in Maharashtra. The Gondwana belt in Maharashtra State is known as Wardha coalfield. This coalfield as in adjacent Godavari Coalfield in Andhra Pradesh shows a thick sequence of Gondwana rocks of Early Permian to Lower Cretaceous age. The coalfield has a thick cover of Lr. Triassic Kamthi Formation over the Barakar Coal measures. The gravity survey shows that the CBM blocks are located in gravity lows. The Barakar coal seams occur at a depth range of 300-1200m.

The Barakar Coal measures contain one main seam, which ranges in thickness from 5 to 15 m, the average thickness being 10m. The Coal is High Volatile Bituminous 'C' in rank with Vitrinite Reflectance varying from 0.5 – 0.66%. The adsorption isotherm shows 7-8 m³/t of gas at 600m depths. But the basin has witnessed repeated history of uplift, which may account for under saturation of gas in coal to some extent. An average gas content of 4m³/t is taken for assessment of gas-in-place resource.

Two CBM blocks: (i) WD(N)-CBM-2008/IV and (ii) WD(E)-CBM-2008/IV, covering an area of 442 Sq.Km. and 503 Sq.Km. respectively are on offer for CBM exploration and production. The corresponding CBM resource of these blocks are estimated at (i) 24.5 BCM and (ii) 19.9 BCM.

MANNARGUDI LIGNITE FIELD, TAMIL NADU

Several discrete depocenters of thick lignite have been delineated along the east coast of Tamil Nadu. Lignite mining is in progress around Neyveli area of this belt. The lignite deposit is found to be prolific around Mannargudi where a composite lignite seam of 7.2 – 85.6m is known to occur at depth of 145-500m, in Cuddalore Formation of Miocene age. In spite of low rank (VRO-0.26-0.33%), lignite horizon contains notable quantity of gas and desorption data shows that the lignite may hold about 1m³/t of methane. The lignite horizon is also associated with strata showing artesian condition. The adsorption isotherm indicates moisture-equilibrated gas content of 3.9 - 4.9m³/t at 44.9 atmospheric pressure.

In its geological setting, the lignite basin shows remarkable similarity with the Powder River basin of USA, which is a prolific producer of CBM from lignite, occurring at shallow depth, despite its low gas content. The extensive lignite deposits of Tamil Nadu are also considered to be a favorable target of CBM exploitation from shallow wells.

One CBM block viz MG-CBM-2008/IV, covering an area of 766 Sq.Km. is on offer for exploration and production of CBM. The CBM resource of this block is estimated at 27.7 BCM.

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.

2. Participation by Companies

Companies are free to bid for any number of blocks, singly or in consortium. Each of the companies participating in a consortium must have a minimum 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 the proposed operator in accordance with the bid format.
- (b) furnish audited financial statements and certificate of networth from its statutory auditors to prove its financial capability.

3. Commencement of CBM Operation

The Company will commence operations 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 maximum period of two (2) consecutive contract years from the effective date of the Contract. The company will have the option to terminate the Contract or exit or proceed to Phase-II at the end of Exploration Phase (Phase-I).

5. Pilot Assessment, Market Survey and Commitment Phase

The Pilot Assessment, Market Survey and Commitment Phase (referred to as Phase-II) shall be for a maximum period of three (3) consecutive contract years after the expiry of Exploration Phase-I. The Company has the option to terminate the Contract or exit or to proceed to the Development Phase 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 will be no relinquishment at the end of Exploration Phase (Phase-I). The first relinquishment of at least 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 remaining areas (please refer the Model Contract for details).

8. Minimum Work Obligation

Company(ies) shall bid for minimum work programme to be carried out with respect to Exploration Phase (Phase-I) and Pilot Assessment Phase (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 obligation 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

Assignments of participating interest are permitted with the prior approval of the Government of India. Approvals for requests 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 (for details, refer the Article on Assignment in the Model CBM Contract).

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 as per terms of the contract.

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 and 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 technology to the Government of India or its nominee(s).

19. Applicability of Laws

Contract shall be governed by the applicable Indian laws.

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/ consortium 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-IV

The Bid Evaluation Criteria (BEC) for evaluation of bids under CBM-IV has been formulated to determine the acceptability of the bids and their relative ranking for a particular block to enable the Government to take a decision on the bids received.

Bid evaluation is based on three criteria as indicated below. The 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 along with points given in Tables 2, 3 & 4.

Table-1

Serial No.	Criteria	Weightage points
A	Technical Capability*	30
B	Work Programme	35
C	Fiscal Package	35

*The Technical Capability will be assessed on the strength of the bidder (designated operator in case of a consortium). The acreage holding, in-place 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 bidder (designated operator in case of a consortium) under the bid has either worked or is working as an operator in the relevant period as mentioned in Table-2. In case of a consortium where more than one partner is an operator, then for the purpose of evaluation of the acreage holding, in place oil & gas and CBM reserves, and average annual production parameters, the Participating Interest(PI)/equity share of each of such joint operator, shall be taken in proportion to its PI/equity share in the project. 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 would be required to meet the following Minimum Qualifying Criteria, failing which the bid shall be liable for rejection:-

- i. The bidder must be a company singly or in association with other companies through an unincorporated or incorporated venture.
- ii. The designated operator 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, In-place Oil & Gas and CBM Reserves, Operatorship Experience, Average Annual Production of Oil & Gas and CBM taken together should be more than zero.

iii. Bidder must submit annual report including audited annual accounts for the latest completed year and a certificate of their networth certified by the company's statutory auditor(s) for the latest completed year for every company in the consortium and the net worth will be calculated in accordance with the method given in the "FORMAT FOR SUBMISSION OF BIDS FOR CBM – IV". The networth of every company should be equal to or more than every company's participating interest in the Minimum Work Programme commitment. In case the parent company financial and performance guarantee is provided, the annual report, audited accounts and certificate of networth should be furnished in respect of the parent company. 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/consortium will be assessed based on the following sub-criteria and corresponding points will be allocated as under:

Table-2

Sl. No.	Sub-criteria	Maximum Point	Scale (Parameter Points)	
			Minimum	Maximum
(i)	CBM acreage Holding (Sq. Km.)	4	0 (0)	4,000 (4)
	Oil & Gas acreage Holding (Sq. Km.)(PEL)	2	0 (0)	100,000 (2)
(ii)	In place CBM reserve (BCM)	5	0 (0)	200 (5)
	In place Oil & Gas reserves (MMBOE)	2	0 (0)	2,500 (2)
(iii)	Avg. annual production of CBM for last 3 yrs (BCM)*	6	-	(6)**
	Avg. annual production of oil & gas for last 3 yrs (MMBOE)	2	0 (0)	10 (2)
(iv)	Bidder's experience as an operator in exploration & /or development & / or production of CBM (years)	5	0 (0)	5 (5)
	Bidder's experience as an operator in exploration and /or development and/or production of oil & gas (Yrs)	4	0 (0)	5 (4)
	Total	30		

Note

Technical Capabilities will be assessed on the strength of the operator alone.

* Production figures information available in public domain (source to be specified) and certified by the concerned CEO of the proposed Operator company will be considered.

**For a block, bidder(the designated operator in case of a consortium) having highest average annual production of CBM during the last 3 years shall get the highest score i.e. 6.0 points and other bidders (designated operator in case of a consortium) will get proportionate points with respect to the highest bidder. For example, the bidder (designated operator in case a consortium) having the highest average annual production during the last 3 years of say 5.0 BCM will score 6.0 points and in case the bidder (designated operator in case of a consortium) of the second bidders has 0.5 BCM of this parameter, he will get proportionately 0.6 points.

B. WORK PROGRAMME

Following points for committed minimum programme will be given:

Table-3

Sub criteria	Weightage points
Exploration Phase (Phase-I)	25
Pilot Assessment Phase (Phase-II)	10
Total Points	35

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

Table-4

Work Commitment	CBM-IV
Phase-I (Exploration Phase)	25
(i) Exploratory Core hole drilling including Geophysical logging (Core hole should penetrate the technical basement i.e. at least 5 meter thick sediments below the deepest coal seam)	24
(ii) Analysis of coal grade, rank, cleat spacing of core samples obtained during Core hole drilling	Mandatory
(iii) Gas content analysis of coal core samples	Mandatory
(iv) Injection/ Fall off test in the Core hole for carrying out permeability test and reservoir simulation study	Mandatory
(v) Drilling of Test Wells* Drilling, completion, stimulation (hydro fracturing or cavitations 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 and Preliminary economic assessment *The Test Well (s), if successful, can be considered as a part of cluster wells during pilot assessment phase (Phase - II)	Mandatory (at least 2 test wells should penetrate the technical basement i.e. at least 5 meter thick sediments below the deepest coal seam)
(vi) Any other work considered necessary by the bidder subject to acceptance by the Evaluation Committee	1
(vii) Submission of report: 1. At the end of Core hole drilling, testing and studies 2. On the results of drilling and production testing of committed production Test Wells	Mandatory Mandatory
Phase-II	10
(a) Drilling of sufficient pilot wells	10
(b) Techno-economic feasibility report and full scale commercial development plan	Mandatory
(c) Market surveys and commitments	Mandatory

Note:

A comparison of bids given on each work programme parameter, viz., number of core hole and pilot wells will be made and the bidder who has given maximum units under the work programme parameter will be assigned maximum points as shown in above table i.e. 25 points under phase-I and 10 points under phase-II and other bidders will be assigned points proportionately with respect to the maximum points.

C. FISCAL PACKAGE:

- (i) Bidders are required to bid for ad-valorem Production Level Payment (PLP), payable to the Central Government, at two different production tranches, one at the lowest tranche **up to 0.500 MMSCMD** of CBM production rate and the other at the highest tranche of **2.000 MMSCMD or above of CBM Production rate**.
- (ii) The contractor shall pay monthly, to the Government Production Level Payment (PLP) on CBM produced and saved in accordance with the provisions of this Article. The contractor shall pay PLP based on average of daily CBM produced and saved during the month in the contract area. The monthly average of daily CBM produced and saved in the contract area shall be calculated corrected to 3 decimal places.
- (iii) Fiscal package would be evaluated on two biddable parameters, viz, Government share of Production Level Payment “X” at the lowest tranche (up to 0.500 MMSCMD of CBM Production rate) and “Y” at the highest tranche (2.000 MMSCMD or above of CBM Production rate) with the stipulation that “Y” should always be higher than “X”. The Government share (“Z”) in between 0.500 MMSCMD and 2.000 MMSCMD at ‘b’ MMSCMD would be calculated on a linear scale with positive slope as per following formula:
$$Z=X + [(Y -X)* (b-0.5)/1.5]$$

CBM Production rate = Average monthly Production rate in contract areas (in MMSCMD).
- (iv) The bids would be evaluated with respect to Government take in volume based Net Present Value (NPV) production scenario. The price of gas to be assumed for calculation of NPV would be US\$ 150 per thousand cubic metres.
- (v) The NPV (Net Present Value) of Production Level Payment offered to Government by 10% discount rate will be computed taking into account the assumed production profile over project life.
- (vi) The bidder offering the highest NPV of Government production share over the field life (over the assumed production profile in volume only) would get the maximum points i.e. 35 and other bidders would be ranked proportionately.

D. ACCEPTANCE / REJECTION OF BIDS:

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