

Speech for Shri Murli Deora, Minister of Petroleum & Natural Gas at the Contract Signing Ceremony of Blocks Awarded to the Companies/Consortium under Seventh Round of New Exploration Licensing Policy (NELP-VII) at New Delhi on 22nd December, 2008

My Ministerial colleague, Shri Dinsha Patel Ji. Shri R. S. Pandey, Secretary (P&NG), Shri S. Sundareshan, Additional Secretary, Shri V. K. Sibal, Director General, Directorate General of Hydrocarbons, Senior Officials from the Government, distinguished delegates from Exploration and Production (E&P) companies, dignitaries of foreign missions in India, friends from the press and media, ladies and gentlemen.

2. I welcome you all to Production Sharing Contract (PSC) Signing Ceremony of the blocks awarded to the companies/consortium under the seventh round of New Exploration Licensing Policy (NELP). Government formulated NELP in 1997-98 to provide a level playing field to all to compete on same fiscal and contract terms as applicable to National Oil Companies (NOCs). The main objective was to attract significant risk capital from Indian and Foreign companies, state-of-the-art technologies, new geological concepts and best management practices to explore and produce oil and gas resources in the country to meet the increasing demand for oil and gas. As a measure of the importance we attach to this sector, Government has allowed 100% FDI in the entire hydrocarbon value chain.

3. In the six rounds of NELP held during the seven -year period from 2000 to 2007, a total of 162 contracts have been signed. These efforts have resulted in 68 discoveries of oil and gas in 19 blocks, establishing "**In Place Reserves**" of 500 Million Metric Tonnes Oil and Oil Equivalent of Gas. The discoveries have been in Cambay onland, Northern part of East Coast and Krishna-Godavari deepwater areas, in respect of which development plans by the operators, viz., Reliance Industries Limited (RIL) and Niko are in progress. With Exploration and development efforts made under NELP, Natural Gas production in the country is likely to be doubled from the present level of gas production of about 80 million standard cubic meters per day (MMSCMD) by the end of 11th Five Year Plan. Commercial production of oil and gas from two blocks from Gujarat has already commenced. Today the contribution of Private/Joint Venture Companies to India's Oil & Gas production has reached a level of 18% of the total production. Under NELP, the committed investment on exploration is envisaged as US\$8.3 billion, out of which about US\$4.5 billion has already been incurred on exploration and US\$1.4 billion on development of discoveries. The investment in E&P sector is poised to increase significantly after development of discoveries is done.

4. Government of India, had offered 57 blocks, covering an area of 1.71 lakhs sq. km., under NELP-VII Round. The bid evaluation criteria under NELP-VII was totally transparent and quantified, where even sub-parameters and assumptions made have been disclosed. The evaluation process was equally transparent.

4.1 As you are aware, there was an overwhelming response to the NELP-VII round of bidding. Government received highest ever 181 bids for the blocks on offer by the bid closing date on 30th June, 2008. A total of 95 companies including 21 foreign companies from 10 countries, viz. Australia, Barbados, Canada, Cayman Island, Malaysia, Mauritius, Panama, UAE, UK & USA and 74 Indian companies have bid either on their own or as consortia.

4.2. One of the major achievements of NELP-VII has been that the response to small sized Type-S blocks was high with some blocks getting as many as 17 bids each. A number

of small sized companies had submitted bids for these Type-S blocks. The Consortium criteria introduced for the first time for Deepwater blocks also evoked a very favourable response from the Operators enabling India to have one of the most extensive deepwater exploration programmes. The total committed investment for phase-I of Exploration under NELP-VII is about US\$ 1.5 billion.

5. You will be happy to know that the entire bidding process, including bid evaluation, finalization of awards and signing of contracts for NELP-VII has taken a little over five & half months from the date of receipt of bids. The Government has once again demonstrated its ability to take time-bound decisions in finalizing of awards and signing of contracts.

6. I would like to assure you all that we will pro-actively support and facilitate investments in E&P sector. We have started interacting with all the stakeholders for simplifying Bid evaluation criteria and PSC for the forthcoming rounds of NELP and Coal Bed Methane Policy. It would be our endeavor to launch NELP-VIII and CBM-IV rounds in the first quarter of 2009. I invite all E&P companies to offer their valuable suggestions for further simplifying the entire process for award of blocks.

7. I hope that all the players engaged in exploration activities would bring in their best geological skills, technology and management practices to explore oil and gas in the country in an expeditious and effective manner. I wish all success to the companies signing contracts for the 44 blocks under NELP-VII today and assure them that the Government would extend all help and be a partner in their endeavor to explore and produce oil and gas from these blocks.

8. I would once again like to extend my warm welcome and congratulations to the winning companies/consortium for becoming our partners in our efforts to enhance energy security of the country and enter into a mutually beneficial long-term association. I extend my best wishes to all the investors.

Thank You,

Jai Hind!