

Oil and gas block auction gets 134 bids

The Small Fields Are Being Offered Under A Simpler Revenue Sharing Regime

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New Delhi: The first auction of oil and gas blocks by the Narendra Modi government has attracted 134 e-bids for 34 out of the 46 small fields offered under a simplified fiscal regime, while nine blocks, or nearly a fifth on offer, did not get any suitor till the close of bid submission deadline on Monday.

In the backdrop of oil and gas investments being pulled back worldwide amid supply glut and low prices, the response can be interpreted as a vote of confidence in the Modi government's drive for transparency and policy reforms to increase the ease of doing business. "PM Modi has brought about a fundamental change

in the oil sector by bringing transparency... We gave marketing and pricing freedom in new block auction policy, giving priority to competition. We removed nine policy bottlenecks to help raise domestic production... Not a single decision taken by the ministry in the last two-and-a-half years has been questioned by the people," oil minister Dharmendra Pradhan, who trawled the world for investors, had told TOI in a recent interview.

The fields on offer are estimated to hold reserves of 48 million tonnes of oil and over 38 billion cubic metres of gas worth about Rs 70,000 crore. The fields are being offered under a simpler revenue-sharing regime instead of the production-sharing regime

followed since the auctions were launched in 1999. As many as 67 idle discoveries, primarily of ONGC, were clubbed to form 46 fields for offer in the so-called Discovered Small Field round, bids for which closed today. Of these, 26 are on-land, 18 shallow water and 2 deepwater fields. Sources said the government took away these discoveries from ONGC as it could not develop them because of small size and unviable price. But in the bidding round, the government is offering complete pricing freedom and liberal fiscal terms.

The fields offered included 28 discoveries in Mumbai offshore, 14 are in the prolific Krishna Godavari basin and 10 discoveries in the Assam

OIL'S WELL

46 fields

On offer

34/100 34/13

Total worth of the 46 fields

Rs 70,000 crore

Tonnes of oil the fields hold

48 million

Cubic metres of gas reserves

38 billion

Top bidders

Hindustan Oil Exploration, Adani Welspun and Quippo Oil & Gas, BPCL and HPCL, IOC and GAIL India

Those who skipped

BP, Reliance Industries, Exxon Mobil and Chevron

shelf. "The response to the DSF Bid Round has been overwhelming as compared to the last round of E&P auctions under the NELP regime in 2009-10, largely credited to the new policy reforms which have improved the ease of doing business by introducing a transparent and transparent regulatory framework," said an Oil Ministry statement.

Despite smaller contract areas on offer in the DSF Bid Round, the response from private companies was overwhelming; around 37 private sector players submitted e-bids against 27 private companies during the NELP-IX, it said. The last exploration licensing round concluded in March 2012. That was the 9th round of bidding under New

Exploration Licensing Policy (NELP). A total of 256 blocks were awarded in the nine rounds of NELP. The discoveries were given up by the state-run firms as late as 2012-13. In-place reserves in these identified discoveries/fields is about 88 million tons of oil and oil equivalent of gas. Sources said the auction was done on a new revenue sharing model wherein bidders will be asked to quote the revenue they will share with the government at low and high end of price and production band. The new revenue sharing regime replaced the controversial Production Sharing Contract (PSC) model where oil and gas blocks are awarded to those firms which show they will do maximum work on a block.