

**DRAFT**

**MODEL REVENUE SHARING CONTRACT**  
**(MRSC)**

**BETWEEN**

**THE GOVERNMENT OF INDIA**

**AND**

**XYZ**

**WITH RESPECT TO CONTRACT AREA**

**IDENTIFIED AS**

**BLOCK: \_\_\_\_\_**

Article 1	Scope and Definitions
Article 2	Participating Interests
Article 3	License and Exploration Period
Article 4	Relinquishment
Article 5	Work Programme
Article 6	Management Committee
Article 7	Operatorship, Joint Operating Agreement and Operating Committee
Article 8	General Rights and Obligations of the Parties
Article 9	Government Assistance
Article 10	Discovery, Development and Production
Article 11	Petroleum Exploration License and Lease
Article 12	Unit Development
Article 13	Measurement of Petroleum
Article 14	Protection of the Environment
Article 15	Revenue Share
Article 16	Escrow Account
Article 17	Taxes, Royalties, Rentals, Duties Etc.
Article 18	Domestic Supply, Sale, Disposal and Export of Natural Gas, Crude Oil and Condensate
Article 19	Joint Development of Common Infrastructure
Article 20	Principles Determining Value of Petroleum
Article 21	Employment, Training and Transfer of Technology
Article 22	Local Goods and Services
Article 23	Insurance and Indemnification
Article 24	Records, Reports, Accounts and Audit
Article 25	Information, Data, Confidentiality, Inspection and Security
Article 26	Title to Petroleum Data and Assets
Article 27	Assignment of Participating Interest

Article 28	Guarantees
Article 29	Term and Termination of the Contract
Article 30	Force Majeure
Article 31	Applicable Law and Language of the Contract
Article 32	Sole Expert, Conciliation and Arbitration
Article 33	Change of Status of Companies
Article 34	Entire Agreement, Amendments, Waiver and Miscellaneous
Article 35	Certificates
Article 36	Notices
Appendix A	Description of the Contract Area
Appendix B	Map of the Contract Area
Appendix C	Accounting Procedure
Appendix D	Production Price Matrix
Appendix E	Escrow Account Agreement
Appendix F	Form of Parent Company Financial and Performance Guarantee
Appendix G	Form of Company Financial and Performance Guarantee
Appendix H	Proforma of Bank Guarantee to be Provided Pursuant to Article 28
Appendix I	Format of Technical Assessment Report

**MODEL REVENUE SHARING CONTRACT**

This Contract made on this day of between:

The President of India, acting through the , Ministry of Petroleum and Natural Gas

(hereinafter referred to as “the Government”) of the FIRST PART; AND

XYZ, a company incorporated under the laws of (hereinafter referred to as “XYZ” or “Contractor”) having its registered office at which expression shall include its successors and such assigns as are permitted under Article 27 hereof, of the SECOND PART;

**WITNESSETH:**

WHEREAS

- (1) By virtue of article 297 of the Constitution of India, Petroleum in its natural state in the territorial waters and the continental shelf of India is vested in the Union of India;
- (2) The Oilfields (Regulation and Development) Act, 1948 (53 of 1948) (hereinafter referred to as “the Act”) and the Petroleum and Natural Gas Rules, 1959, made thereunder (hereinafter referred to as “the Rules”) make provisions, inter alia, for the regulation of Petroleum Operations and grant of Licenses and Leases for exploration, development and production of Petroleum in India.
- (3) The Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976 (80 of 1976) provides for the grant of a license by the Government to explore and exploit the resources of the continental shelf and exclusive economic zone and any Petroleum Operation under this Contract shall be carried out under a license granted by the Central Government;
- (4) The above Acts and Rules provide for the grant of License and Lease in respect of any land or mineral underlying the ocean, within the territorial waters, the continental shelf and exclusive economic zone of India by the Central Government. Since the Coal/Lignite Bed Methane (CBM) is a Natural Gas, therefore, it also is governed by the Act and the Rules.
- (5) Furthermore, the Rules provide for the grant of Licenses and Leases in respect of land vested in a State Government by that State Government with the previous approval of the Central Government.
- (6) Rule 5 of the Rules provides for an agreement between the Government and the Licensee or Lessee containing additional terms and conditions with respect to the License or Lease.

- (7) The Government desires that all types of Petroleum resources which may exist in India, whether within territorial waters (ultra deep, deep or shallow water) or onland, be discovered and exploited in accordance with Modern Oil Field and Petroleum Industry Practices with utmost expedition in the overall interests of India;
- (8) The Government formulates policies pursuant to which it invites companies to submit competitive bids to obtain the right to undertake exploration, discovery and commercial production of Petroleum resources within India, which would also be governed by applicable laws and the policies governing Petroleum Operations within India formulated by the Government;
- (9) XYZ has / have committed that it has / they have, or will acquire and make available, the necessary financial and technical resources and the technical and industrial competence and experience necessary for proper discharge and / or performance of all obligations required to be performed under this Contract in accordance with Modern Oil Field and Petroleum Industry Practices and will provide guarantees as required in Article 28 for the due performance of its obligations hereunder; and
- (10) As a result of discussions between representatives of the Government and XYZ on the proposal of XYZ, the Government has agreed to enter into this Contract with XYZ with respect to the Contract Area identified as Block and detailed in Appendix A and Appendix B (hereinafter referred to as “the Block”) on the terms and conditions herein set forth.

NOW, THEREFORE, in consideration of the premises and covenants and conditions herein contained, IT IS  
HERE BY AGREED between the Parties as follows

**ARTICLE 1**  
**SCOPE AND DEFINITIONS**

1.1 Scope

1.1.1 The Contractor is hereby appointed and constituted as the exclusive entity to conduct Petroleum Operations in the Contract Area. The Contractor shall bear the complete risk in carrying out the Petroleum Operations, and shall be solely responsible to the Government for the execution and management of the Petroleum Operations in accordance with this Contract.

1.1.2 In case the Contractor comprises of more than one Member as identified in Article 2, then the following additional provisions shall apply:

- (a) The Contractor shall appoint any one of the Members constituting the Contractor as the Lead Member to represent them in communicating and liaising with the Government in relation to the Contract and performance thereof.
- (b) The Contractor shall appoint any one of the Members constituting the Contractor as the Operator under Article 7 of this Contract.
- (c) Notwithstanding the provisions in Para (b) of this sub-clause 1.1.2, the appointment of the Operator shall in no way limit, restrict or discharge the other Members comprising the Contractor from their obligations, responsibilities and liabilities as Members comprising the Contractor holding Participating Interest under this Contract, and such appointment shall not prevent the Government from directly communicating, liaising with and/or enforcing such obligations, responsibilities and liabilities on a joint and several basis against the Members comprising the Contractor to the extent of their individual and/or aggregate Participating Interest.
- (d) The liability of the Members comprising the Contractor under this Contract shall be both joint and several.
- (e) The Contractor is liable, regardless of fault, in respect of financial losses incurred as a result of pollution and waste from the Petroleum Operations, and the cost of reasonable measures to avert or limit such damage or such loss, including damage or loss as a result of such measures.
- (f) If damage has been caused as described in Para (e) of sub-clause 1.1.2 and it is not possible to identify who caused the damage, the Members comprising the Contractor shall be jointly and severally liable insofar as the damage may be believed to have been caused by any Petroleum Operations.

1.2 In this Contract, unless the context requires otherwise, the following terms shall have the meaning ascribed to them hereunder:

1.2.1. "Accounting Procedure" means the principles and procedures of accounting set out in Appendix C.

1.2.2. "Act" means Oilfields (Regulation and Development) Act, 1948 as amended from time to time.

- 1.2.3. "Affiliate" means a company or a body: (a) which directly or indirectly controls or is controlled by a Company which is a Party to this Contract; or (b) which directly or indirectly controls or is controlled by a company which directly or indirectly controls or is controlled by a Company which is a Party to this Contract. For the purpose of this definition it is understood that "control" means: (i) ownership by one company of more than fifty percent (50%) of the voting securities of the other company; or (ii) the power to direct, administer and dictate policies of the other company even where the voting securities held by such company exercising such effective control in that other company is less than fifty percent (50%) and the term "controlled" shall have a corresponding meaning.
- 1.2.4. "Appendix" means an Appendix attached to this Contract and made a part thereof.
- 1.2.5. "Appraisal" means an activity to establish commerciality of a Discovery which may include acquisition, processing and interpretation of seismic data, drilling of Appraisal Wells, extended well testing or any stimulation activity.
- 1.2.6. "Appraisal Programme" means a programme, as formulated in accordance with Article 10 and carried out, following a Discovery in the Contract Area for the purpose of Appraisal of the Discovery and delineating the Reservoirs to which the Discovery relates in terms of thickness and lateral extent and determining the characteristics thereof and the quantity of recoverable Petroleum therein.
- 1.2.7. "Appraisal Well" means a Well drilled pursuant to an Appraisal Programme.
- 1.2.8. "Arms Length Sales" means sales made freely in the open market, in freely convertible currencies, between willing and unrelated sellers and buyers and in which such buyers and sellers have no contractual or other relationship, directly or indirectly, or any common or joint interest as is reasonably likely to influence selling prices and shall, inter alia, exclude sales (whether direct or indirect, through brokers or otherwise) involving Affiliates, sales between Companies which are Parties to this Contract, sales between governments and government-owned entities, counter trades, restricted or distress sales, sales involving barter arrangements and generally any transactions motivated in whole or in part by considerations other than normal commercial practices.
- 1.2.9. "Article" means an article of this Contract and the term "Articles" means more than one Article.
- 1.2.10. "Associated Natural Gas" or "ANG" means Natural Gas produced in association with Crude Oil either as free gas or in solution, if such Crude Oil can by itself be commercially produced.

- 1.2.11. "Barrel" means a quantity or unit equal to 158.9074 litres (forty two (42) United States gallons) liquid measure, at a temperature of sixty (60) degrees Fahrenheit (15.56 degrees Celsius) and under one atmosphere pressure (14.70 psia).
- 1.2.12. "Basement" means any igneous or metamorphic rock, or rocks or any stratum of such nature, in and below which the geological structure or physical characteristics of the rock sequence do not have the properties necessary for the accumulation of Petroleum in commercial quantities and which reflects the maximum depth at which any such accumulation can be reasonably expected in accordance with the knowledge generally accepted in the international petroleum industry.
- 1.2.13. "Block" shall have the meaning given to the term in Recital 10 of this Contract.
- 1.2.14. "Borehole" means a Well drilled in the sub-surface with or without obtaining the cores of rock samples for the purpose of ascertaining any information.
- 1.2.15. "Business Day" means any of the Calendar Days, which is not a holiday.
- 1.2.16. "Calendar Day" means any of the seven (7) days of a week.
- 1.2.17. "Calendar Month" means any of the twelve (12) months of the Calendar Year.
- 1.2.18. "Calendar Year" means a period of twelve (12) consecutive Months according to the Gregorian calendar, commencing with the first (1st) day of January and ending with the thirty-first (31st) day of December.
- 1.2.19. "Coal Bed Methane (CBM)" means Natural Gas (mainly Methane) contained in coal or bituminous lignite beds under Reservoir condition and extracted therefrom during Petroleum Operations.
- 1.2.20. "Commercial Production" means production of Crude Oil or Condensate or Natural Gas or any combination of these from the Contract Area (excluding production for testing purposes) and delivery of the same at the relevant Delivery Point under a programme of regular production and sale.
- 1.2.21. "Company" for the purpose of this Contract means a company which is a Party to this Contract and, where more than one Company is Party to the Contract, the term "Companies" shall mean all such Companies collectively, including their respective successors and permitted assigns under Article 27.
- 1.2.22. "Condensate" means those low vapour pressure hydrocarbons obtained from Natural Gas through condensation or extraction and refers solely to those hydrocarbons that are liquid at



normal surface temperature and pressure conditions; provided that in the event Condensate is produced from a Development Area and is segregated at the Delivery Point or transported to the Delivery Point after segregation, then the provisions of this Contract shall apply to such Condensate as if it were Crude Oil.

- 1.2.23. "Contract" means this agreement and the Appendices mentioned herein and attached hereto and made an integral part hereof and any amendments made thereto pursuant to the terms hereof.
- 1.2.24. "Contract Area" means, on the Effective Date, the area described in Appendix A and delineated on the map attached as Appendix B or any portion of the said area remaining after relinquishment or surrender from time to time pursuant to the terms of this Contract (including any additional area as provided under Article 11.1.4).
- 1.2.25. "Contract Year" means a period of twelve (12) consecutive months counted from the Effective Date or from the anniversary of the Effective Date.
- 1.2.26. "Contractor" means the Company (ies).
- 1.2.27. "Contractor's Revenue Share" shall have the meaning specified in Article 15.4.
- 1.2.28. "Corehole" means a Borehole in which coring is carried out up to the final depth of the Borehole for the purpose of detailed study of various parameters of rock and also coal or lignite sample.
- 1.2.29. "Crude Oil" or "Oil" or "Crude" means all kinds of hydrocarbons and bitumen, both in solid and in liquid form, in their natural state or obtained from Natural Gas by condensation or extraction, including distillate and Condensate when commingled with the heavier hydrocarbons and delivered as a blend at the Delivery Point but excluding Natural Gas.
- 1.2.30. "DGH" or "Directorate General of Hydrocarbons" shall mean the organisation known as Directorate General of Hydrocarbons, presently under the administrative control of Ministry of Petroleum and Natural Gas, Government of India, and shall include any successor authority thereof.
- 1.2.31. "Deepwater Area" (for deepwater blocks/areas) means area falling beyond four hundred (400) metre isobath, provided, however, that for the purposes of this Contract, the Contract Area as

on Effective Date, as described in the Appendix A and Appendix B shall be deemed to be Deepwater Area falling beyond four hundred (400) metre isobath.

- 1.2.32. "Delivery Point" means, except as otherwise herein provided or as may be otherwise agreed between the Parties having regard to international practice, the point at which Petroleum reaches the outlet flange of the delivery facility, either offshore or onshore and different Delivery Point(s) may be established for purposes of sales.
- 1.2.33. "Delivery Period" shall have the meaning specified in Article 20.4.1.
- 1.2.34. "Development Area" means part of the Contract Area which encompasses one or more Discovery(ies) for which the Contractor intends to submit a Field Development Plan and any additional area that may be required for proper development of such Discovery(ies) and established as such in accordance with the provisions of the Contract.
- 1.2.35. "Development Phase" means the period identified in Article 10.11 during which Development Operations shall be carried out by the Contractor.
- 1.2.36. "Development Operations" means operations conducted in accordance with the Field Development Plan and shall include, but not be limited to the purchase, shipment or storage of equipment and materials used in developing Petroleum accumulations, the drilling, completion and testing of Development Wells for production, the drilling and completion of Wells for injection, the laying of gathering lines, the installation of offshore platforms and installations, the installation of separators, tankages, pumps, artificial lift and other producing and injection facilities required to produce, process and transport Petroleum into main Oil storage or Gas processing facilities, either onshore or offshore, including the laying of pipelines within or outside the Contract Area, storage at Delivery Point(s), the installation of said storage or Gas processing facilities, the installation of export and loading facilities and other facilities required for the development and production of the said Petroleum accumulations and for the delivery of Crude Oil and/ or Gas at the Delivery Point and also including incidental operations not specifically referred to herein but required for the most efficient and economic development and production of the said Petroleum accumulations in accordance with Modern Oil Field and Petroleum Industry Practices.
- 1.2.37. "Development Well" means a Well drilled, deepened or completed after the date that the Field Development Plan has been finalized pursuant to the TAR associated therewith being approved by the Management Committee, for the purposes of producing Petroleum, increasing production, sustaining production or accelerating extraction of Petroleum including production Wells, injection Wells and dry Wells.

- 1.2.38. "Discovery" means the finding, during Petroleum Operations, of a deposit of Petroleum not previously known to have existed, which can be demonstrated as recoverable at the surface, by testing methods which are in adherence to Modern Oil Field and Petroleum Industry Practices.
- 1.2.39. "Discovery Area" means that part of the Contract Area which the Contractor determines and identifies to be the "Discovery Area" about which, based upon Discovery and the results obtained from a Well or Wells drilled or any other geological and geophysical studies, the Contractor is of the opinion that Petroleum exists and is likely to be produced in commercial quantities and which is identified as the "Discovery Area" in the Appraisal Programme pursuant to Article 10.2 of this Contract.
- 1.2.40. "Effective Date" means the later of the date on which this Contract is executed by the Parties or the date of issue of License or date from which License has been made effective by the Central Government or State Government(s) as the case may be.
- 1.2.41. "Environmental Damage" means soil erosion, removal of vegetation, destruction of wildlife, pollution of groundwater or surface water, land contamination, air pollution, noise pollution, bush fire, disruption to water supplies to natural drainage or natural flow of rivers or streams, damage to archaeological, palaeontological and cultural sites and shall include any damage or injury to, or destruction of, soil or water in their physical aspects together with vegetation associated therewith, aquatic or terrestrial mammals, fish, avi-fauna or any plant or animal life whether in the sea or in any other water or on, in or under land.
- 1.2.42. "Escrow Account" means an account which the Contractor shall open and maintain with a bank in accordance with Article 16, in which all inflows and outflows of all revenue receipts shall be credited and debited, as the case may be, in accordance with the provisions of this Agreement, and includes the sub-accounts of such Escrow Account.
- 1.2.43. "Escrow Bank" means a scheduled bank mutually acceptable to Government and the Contractor, and appointed as escrow agent and trustee of the Escrow Account in accordance with the Escrow Agreement pursuant to Article 16.
- 1.2.44. "Escrow Agreement" shall have the meaning set forth in Article 16.
- 1.2.45. "Excess ANG" shall have the meaning set forth in Article 10.5.
- 1.2.46. "Exploration Operations" means operations conducted in the Contract Area pursuant to this Contract in searching for Petroleum and in the course of an Appraisal Programme and shall include but not be limited to aerial, geological, geophysical, geochemical, palaeontological, palynological, topographical and seismic surveys, analysis, studies and their interpretation, investigations relating to the subsurface geology including drilling of Exploration Wells and

Appraisal Wells and other related activities such as surveying, drill site preparation and all work necessarily connected therewith that is conducted in connection with Petroleum exploration.

- 1.2.47. "Exploration Period (Phase-I)" or "Phase-I" shall mean the Exploration Period determined under Article 3.2 of this Contract.
- 1.2.48. "Exploration Period (Phase-II)" or "Phase-II" shall mean the Exploration Period determined under Article 3.2 of this Contract.
- 1.2.49. "Exploration Period" means the period mentioned in Article 3 during which Exploration Operations may be carried out by the Contractor as provided in Article 3 hereof and includes the period covered by Exploration Period (Phase I) and Exploration Period (Phase II).
- 1.2.50. "Exploration Well" means a Well drilled for the purpose of searching for undiscovered Petroleum accumulations on any geological entity (be it of structural, stratigraphic, facies or pressure nature) to at least a depth or stratigraphic level specified in the Work Programme.
- 1.2.51. "Field" means an Oil Field or a Gas Field or combination of both as the case may be.
- 1.2.52. "Field Development Plan" or "FDP" means the comprehensive plan formulated by the Contractor in relation to the development of a Discovery(ies) in accordance with Article 10.8.
- 1.2.53. "Financial Year" means the period from the first (1st) day of April to the thirty-first (31st) day of March of the following Calendar Year.
- 1.2.54. "Foreign Company" means a Company within the meaning of Section 2(42) of the Companies Act, 2013.
- 1.2.55. "Frontier Area" means any area in remote locations identified, demarcated and so notified by the Government or its authorised agency(ies) for the purpose of exploration and exploitation of Oil and Gas, which is logistically and technically difficult and lacks infrastructural and/or marketing facilities, etc.
- 1.2.56. "Gas" means Natural Gas.
- 1.2.57. "Gas Field" means, within the Contract Area, a Reservoir of Natural Gas or a group of Reservoirs of Natural Gas within a common geological structure or feature.
- 1.2.58. "Gas Hydrate" means an occurrence of hydrocarbon in which molecules of natural gas, typically methane, are trapped in ice molecules.

- 1.2.59. "Government" or "Central Government" means Government of India unless otherwise stated.
- 1.2.60. "Government's Revenue Share" means the amounts determined to be payable to the Government during each month under Article 15 read with Appendix D to this Contract.
- 1.2.61. "GoI Extension Policy" shall mean the policy for extension of Exploration Phases as formulated by the Government from time to time.
- 1.2.62. "HPHT" or "High Pressure High Temperature" means a well having an undisturbed bottomhole temperature of greater than 300°F and a pore pressure of atleast 0.8 psi/ft or requiring a BOP with a rating in excess of 10000 psi
- 1.2.63. "Lease" means a petroleum mining lease issued pursuant to the Rules.
- 1.2.64. "Lessee" means the Contractor to whom a Lease is issued under the Rules for the purpose of carrying out Petroleum Operations in the Development Area.
- 1.2.65. "LIBOR" means the London Inter-Bank Offer Rate for six-month maturates of United States Dollars as quoted by the International Swaps and Derivative Association or such other bank being a BBA LIBOR contributor panel bank as the Parties may agree.
- 1.2.66. "License" means a petroleum exploration license referred to in the Rules.
- 1.2.67. "Licensee" means the Contractor to whom a License is issued under the Rules for the purpose of carrying out Petroleum Operations in the Contract Area.
- 1.2.68. "Liquidated Damages" or "LDs" shall have the meaning ascribed to the term in Article 5.8 and 10.12.
- 1.2.69. "Major Default" shall have the meaning specified in Article 29.4.
- 1.2.70. "Minor Default" shall have the meaning specified in Article 29.3.
- 1.2.71. "Mandatory Work Programme" means the Work Programme specified in Article 5.5.
- 1.2.72. "Management Committee" means the committee constituted pursuant to Article 6 hereof.
- 1.2.73. "Member" means such Parties that are comprising the Contractor in the event the Contractor is a consortium comprising of more than one Party.

- 1.2.74. "Minimum Work Programme" means a work programme formulated under Article 5 for the purpose of carrying out Petroleum Operations.
- 1.2.75. "Modern Oil Field and Petroleum Industry Practices" shall include Government notifications to this effect from time to time.
- 1.2.76. "Month" means Calendar Month.
- 1.2.77. "Natural Gas" means wet gas, dry gas, all other gaseous hydrocarbons, and all substances contained therein, including sulphur, carbon dioxide and nitrogen but excluding extraction of helium, which are produced from Oil or Gas Wells, excluding those condensed or extracted liquid hydrocarbons that are liquid at normal temperature and pressure conditions, and including the residue gas remaining after the condensation or extraction of liquid hydrocarbons from gas.
- 1.2.78. "Non Associated Natural Gas" or "NANG" means Natural Gas which is produced either without association of Crude Oil or in association with such quantities of Crude Oil which by itself cannot be commercially produced.
- 1.2.79. "Non-Defaulting Member" shall have the meaning specified in Article 29.4.
- 1.2.80. "Oil Field" means, within the Contract Area, an Oil Reservoir or a group of Oil Reservoirs within a common geological structure or feature.
- 1.2.81. "Operator" means one of the Parties comprising the Contractor, appointed as the Operator pursuant to Article 7.
- 1.2.82. "Operating Agreement" means the Joint Operating Agreement entered by the constituents of the Contractor in accordance with Article 7, with respect to conduct of Petroleum Operations.
- 1.2.83. "Operating Committee" means the Committee established by that name in the Operating Agreement pursuant to Article 7.
- 1.2.84. "Parent Company" – A Company is a Parent Company of another company if it can exercise voting rights directly or indirectly or through its Affiliate(s) to control management and operations by influencing or electing the Board of Directors of that other company.
- 1.2.85. "Participating Interest" means, in respect of each Party constituting the Contractor, the undivided share expressed as a percentage of such Party's participation in the rights and obligations under this Contract.

- 1.2.86. "Parties" means the parties signatory to this Contract including their successors and permitted assigns under this Contract and the term "Party" means any of the Parties.
- 1.2.87. "Petroleum" means naturally occurring hydrocarbons in a free state, whether in the form of natural gas or in a liquid, viscous or solid or Condensate form or extracted through any unconventional means or sources such as CBM, shale gas, shale oil, tight gas, and gas hydrates, but does not include helium occurring in association with petroleum, or coal, or shale, or any substance which may be extracted from coal, shale or other rock by application of heat or by a chemical Process.
- 1.2.88. "Petroleum Operations" means, as the context may require, Exploration Operations, Development Operations or Production Operations or any combination of two or more of such operations, including construction, operation and maintenance of all necessary facilities, plugging and abandonment of Wells, safety, environmental protection, transportation, storage, sale or disposition of Petroleum to the Delivery Point, Site Restoration and any or all other incidental operations or activities as may be necessary.
- 1.2.89. "Petroleum Produced and Saved" means gross Petroleum produced minus impurities such as water or solids produced along with Petroleum, Petroleum recycled to the reservoir, Petroleum used in Petroleum Operations or flared or otherwise unavoidably lost under the provisions of the Contract.
- 1.2.90. "Pilot Assessment Well" means a Well drilled for the purpose of determining the potential CBM accumulations in the Contract Area on geological entities in terms of thickness, lateral extent and Gas content of coal seams up to a depth or stratigraphic level specified in the Work Programme.
- 1.2.91. "Production Operations" means all operations conducted for the purpose of producing Petroleum from the Development Area after the commencement of production from the Development Area including the operation and maintenance of all necessary facilities therefore.
- 1.2.92. "Program Quantity" shall have the meaning specified in Article 10.12.
- 1.2.93. "Quarter" or "Calendar Quarter" means a period of three (3) consecutive Calendar Months commencing on the first day of January, April, July and October of each Calendar Year.
- 1.2.94. "Reservoir" means a naturally occurring accumulation of Petroleum including a geological unit limited by rock characteristics by structural or stratigraphic boundaries or coal or lignite of any rank which contains Petroleum (whether in association or independent of water or any other minerals) or a combination of these.

- 1.2.95. "Retention Period" shall have the meaning specified in Article 10.7.
- 1.2.96. "Revenue" means all amounts accruing to the Contractor on account of Petroleum Produced and Saved from the Contract Area including any proceeds received as a consequence of monetisation of Petroleum in the Reservoir as determined in accordance with Article 15.1.
- 1.2.97. "Revenue Share" shall mean Government's Revenue Share or Contractor's Revenue Share, as the case may be.
- 1.2.98. "Royalty" means the royalty payable by the Contractor to the Government under the applicable laws in force from time to time.
- 1.2.99. "Rules" means the Petroleum and Natural Gas Rules, 1959 and any amendments made thereto from time to time.
- 1.2.100. "Section" means a section of the Accounting Procedure.
- 1.2.101. "Self-sufficiency" means, in relation to any Year, the total availability of Crude Oil and Condensate and/or Natural Gas from all Petroleum production activities in India meets the total national demand, as determined by Government.
- 1.2.102. "Shale Gas" means natural gas generated in-situ and retained in shale and associated fine grained rock matrix including carbonate stringers, adsorbed onto organic particles, or within fractures in shales of source rock origin and obtained there from through boreholes.
- 1.2.103. "Shale Oil" means crude oil / condensate generated in-situ and retained in shale and associated fine grained rock matrix including carbonate stringers and within fractures in shales of source rock origin and obtained there from through boreholes.
- 1.2.104. "Site Restoration" shall mean all activities required to return a site to its state as of the Effective Date pursuant to the Contractor's environmental impact study and approved by the Government or to render a site compatible with its intended after-use (to the extent reasonable) after cessation of Petroleum Operations in relation thereto and shall include, where appropriate, proper abandonment of Wells or other facilities, removal of equipment, structures and debris, establishment of compatible contours and drainage, replacement of top soil, re-vegetation, slope stabilisation, in-filling of excavations or any other appropriate actions in the circumstances and will include Government notifications/guidelines, if any.
- 1.2.105. "Statement" or "Statements" refers to the statements required to be furnished in accordance with Appendix C of this Contract.



- 1.2.106. "State Government" means any government of a state of the Union of India, which has control over the Contract Area for the purpose of grant of Licenses / Leases. In case the Contract Area covers more than one state, the State Government shall include all such governments of those states.
- 1.2.107. "Subcontractor" means any company or person contracted by the Contractor or Operator to provide goods or services with respect to Petroleum Operations.
- 1.2.108. "Technical Assessment Report" or "TAR" shall mean the report specified in Article 10.8.
- 1.2.109. "Test Well" means an Exploration Well drilled for the purpose of carrying out different well tests to assess the CBM production potential of the coal or lignite seams. The well tests in such a well shall include but not be limited to injection or fall off tests, stress test, dewatering test for production testing or any other test as required for estimation of CBM and water production rates.
- 1.2.110. "Tight Reservoir" means Petroleum produced from a relatively impermeable reservoir rock.
- 1.2.111. "Ultra Deepwater Blocks" means an area in which more than 30% of the area has a water depth of more than fifteen hundred (1500) metre, provided, however, that for the purposes of this contract, the contract area as on Effective Date, as described in the Appendix A and Appendix B shall be deemed to be Ultra Deepwater Block falling beyond fifteen hundred (1500) metre isobath.
- 1.2.112. "US \$" or "USD" or "US Dollar" or "United States Dollar" means the currency of the United States of America.
- 1.2.113. "Well" means a borehole, made by drilling in the course of Petroleum Operations, but does not include a seismic shot hole.
- 1.2.114. "Work Programme" means a work programme formulated, in accordance with Article 5, for the purpose of carrying out Petroleum Operations.
- 1.2.115. "Year" means a Financial Year.

## **ARTICLE 2** **PARTICIPATING INTERESTS**

- 2.1 The initial Participating Interest of the Members comprising the Contractor shall be as follows:

X Company \_\_\_\_\_ : (%)  
 Y Company \_\_\_\_\_ : (%)  
 Z Company \_\_\_\_\_ : (%)

**ARTICLE 3**  
**LICENSE AND EXPLORATION PERIOD**

- 3.1 The Contractor shall have the right to explore for Petroleum within the Contract Area. The Contractor shall be granted the License to explore the Contract Area in accordance with the provisions of this Contract.
- 3.2 Except as otherwise provided in Articles 3.3 and 3.4, the Exploration Period shall begin on the Effective Date, shall consist of two phases - Exploration Period (Phase-I) and Exploration Period (Phase-II) and shall be for a duration not exceeding the time period as given in the table below:

	<b>Onland (including CBM) and shallow water Blocks</b>	<b>Frontier Deepwater Area and Ultra Deepwater Blocks</b>
<b>Exploration Period</b>	8 years	10 years
Exploration Period (Phase-I)	5 years	6 years
Exploration Period (Phase-II)	3 years	4 years

- 3.3 At the end of the Exploration Period (Phase-I) or Exploration Period (Phase-II), if:
- (a) the Minimum Work Programme for that relevant period is not completed, then the time for completion of the said Minimum Work Programme shall be extended for a period necessary to enable completion thereof but not exceeding six (6) months, provided that (i) the Contractor can show technical reasons for non-completion of the Minimum Work Programme, and (ii) the Government (acting through DGH) gives its written consent to the said extension. *Provided further* that, in respect of extension granted for Exploration Period (Phase –I) the period of such extension shall be subtracted from the succeeding Exploration Period (Phase-II);
  - (b) execution of any Work Programme (which is in addition to the Minimum Work Programme) is in progress, then the relevant Exploration Period shall be extended for a period not exceeding six (6) months to enable completion thereof provided that: (i) the Minimum Work Programme for such period has been completed, and (ii) the Government (acting through DGH) gives its written consent to the said extension.

- 3.4 The Contractor can apply to the Government (acting through DGH) for extension of more than six (6) months in the Exploration Period and the Government (acting through DGH) shall decide on such application on such basis as prescribed in the prevalent GoI Extension Policy.
- 3.5 In case the Minimum Work Programme of the Exploration Period (Phase-I) is completed before stipulated time as provided in the table in Article 3.2, the time so saved will be added to the succeeding Exploration Period (Phase-II).
- 3.6 If this Contract is terminated in accordance with its terms, the License shall stand automatically cancelled.

#### **ARTICLE 4** **RELINQUISHMENT**

- 4.1 On the completion of Minimum Work Programme for Exploration Period (Phase-I) as provided in Article 5.2, the Contractor shall have the option exercisable by giving a written notice to the Government at least thirty (30) days prior to the expiry of Phase-I, either:
- (i) to relinquish the entire Contract Area and the Contract shall stand terminated; or
  - (ii) to proceed to the Exploration Period (Phase-II) while retaining the entire Contract Area by committing to complete the Work Programme for Exploration Period (Phase-II) as provided in Articles 5.3 and 5.4; or
  - (iii) to retain Discovery Areas and Development Areas (as the case may be) and relinquish other parts of the Contract Area.
- 4.2 On the completion of Minimum Work Programme for Exploration Period (Phase-II) as provided in Articles 5.3 and 5.4, the Contractor shall have the option exercisable by giving a written notice to the Government at least thirty (30) days prior to the expiry of Phase-II, either:
- (i) to relinquish the entire Contract Area and the Contract shall stand terminated; or
  - (ii) to retain Discovery Areas and Development Areas (as the case may be) and relinquish other parts of the Contract Area.
- 4.3 On expiry or termination of this Contract or relinquishment of part of the Contract Area, the Contractor shall: (a) subject to Article 26, remove all equipment and installations from the relinquishment area or former Contract Area in a manner agreed with the Government pursuant to an abandonment plan; and (b) perform all necessary Site Restoration activities in accordance with Modern Oil Field and Petroleum Industry Practices and take all other actions necessary to prevent hazards to human life or to the property of others or the environment.
- 4.4 As and when the Contract is terminated under the provisions of Article 29 or in accordance with any other provisions of this Contract, the entire Contract Area remaining with the Contractor shall be deemed to have been relinquished by the Contractor as on the date on which the Contract is terminated.

- 4.5 Relinquishment of all or part of the Contract Area or termination of the Contract shall not be construed as absolving the Contractor of any liability undertaken or incurred by the Contractor in respect of the Contract Area during the period between the Effective Date and the date of such relinquishment or termination.
- 4.6 Subject to Article 4.3 and Article 23.2, the liability of the Contractor shall be limited to any liability undertaken or incurred by or on behalf of the Contractor in respect of, relating to or connected with the Contract, and/or any claim arising out of or in relation to the act of negligence, misconduct, commission or omission in carrying out Petroleum Operations during the period between the Effective Date and the date of relinquishment of the Contract Area or termination or expiry of the Contract, as the case maybe.
- 4.7 If a Contractor fails to submit a Field Development Plan in relation to a Discovery of Petroleum, either individually or jointly, within the time period stipulated in Article 10, the Contractor shall relinquish (subject to provisions of Article 10.4) the Discovery Area and its rights to develop such Discovery.

**ARTICLE 5**  
**WORK PROGRAMME**

- 5.1 The Contractor shall commence Petroleum Operations not later than six (6) months from the Effective Date.
- 5.2 During the currency of the Exploration Period (Phase-I), the Contractor shall complete the following Work Programme, which shall constitute the Minimum Work Programme committed for Exploration Period (Phase-I):

*[Work Programme from bid to be inserted here]*

- 5.3 In relation to Petroleum Operations other than CBM, at the expiry of the Exploration Period (Phase-I), the Contractor may proceed to the Exploration Period (Phase-II) by committing: (i) drilling of three Exploration Wells at anytime during three (3) years of Exploration Period (Phase-II) in Contract Area in case of onland and shallow water blocks; or (ii) two Exploration Wells (i.e. one Well in each two-year period of four (4) years) in Contract Area in case of Frontier Area, and Deepwater Areas; or (iii) one Exploration Well in four (4) years in the Contract Area in case of Ultra Deepwater Blocks, as the case may be; subject to submission of the requisite guarantees as provided for in Article 28. The depth of such Well(s) will be notified by the Contractor to the Management Committee at the time of exercising this option of entering into Exploration Period (Phase-II).

- 5.4 In relation to Petroleum Operations for CBM, the Contractor shall be required to undertake the following Work Programme for Exploration Period (Phase-II), which shall constitute the Minimum Work Programme committed for Exploration Period (Phase-II):

*[Work Programme from bid to be inserted here]*

- 5.5 In addition to the Minimum Work Programme in Exploration Period (Phase-I) specified in Article 5.2 above, the Contractor shall, wherever applicable, be required to undertake and complete the 2D seismic API, in the Contract Area (herein after referred to as "Mandatory Work Programme") during Exploration Period (Phase-I). *Provided however* that, in the event the Contractor undertakes 3D seismic API in a part of the Contract Area it shall be deemed to have discharged the Mandatory Work Programme in that part of the Contract Area and will not be required to undertake the mandatory 2D seismic API in that part of the Contract Area.
- 5.6 If the Contractor had purchased, before or after the award of a particular Block, 2D and/or 3D seismic data generated under a multi-client speculative survey model for that particular Block, then the same can be set off against the Mandatory Work Programme and/or Minimum Work Programme for that Block.

- 5.7 The Contractor shall have the right to formulate an additional Work Programme, within the stipulated period as specified in Article 3, to cover Petroleum Operations for any type of hydrocarbon other than the type for which the Block was designated, and shall submit the same to the Management Committee for its information. *Provided however* that the Contractor shall give priority to the development of that type of Petroleum for which the Block is designated.
- 5.8 Subject to Article 30, in the event that the Contractor fails to fulfill the said Mandatory Work Programme or Minimum Work Programme committed during the Exploration Period (Phase-I) and Exploration Period (Phase-II), then each Member constituting the Contractor shall pay to the Government its Participating Interest share for an amount which shall be equivalent to Liquidated Damages as specified below:

<b>In US \$</b>					
	<b>Onland (Excluding CBM)*</b>	<b>Shallow water</b>	<b>Deep water</b>	<b>Ultra Deepwater</b>	<b>CBM</b>
Per well/Corehole (as applicable)	1,000,000	3,000,000	6,000,000	8,000,000	Corehole – 250,000 Pilot Assessment Well – 650,000
Per sq.km. of 3D Seismic	5,000	1,500	1,500	1,500	N.A.
Per line km. of 2D Seismic	2,500	1,000	1,000	1,000	N.A.

It is clarified that Liquidated Damages for Contract Areas in Frontier Areas shall be payable in accordance with this Article 5.8 depending on the category of Contract Area that it falls under, in the table in this Article 5.8 above.

5.9 Subject to Article 5.10 below, in case due to G&G, technical/operational, logistics, environmental and any other constraints intrinsic to the Contract Area, the Contractor is not able to carry out the Minimum Work Programme or Mandatory Work Programme, the Contractor shall submit a proposal for substitution of the shortfall of the Minimum Work Programme or Mandatory Work Programme, within the period stipulated in Article 3, to the Government (acting through DGH) for consideration, which shall be decided by the Government (acting through DGH) in accordance with the prevailing policy notified from time to time in this regard.

5.10 Notwithstanding any other provision of this Contract, in the event the Contract Area for which the License is granted is less than the area indicated as the Block, for any reason including directions or conditions imposed by any agency or authority of the Government, then:

(a) the Contractor shall have the right to proportionately reduce the Minimum Work Programme as well as the Mandatory Work Programme in accordance with the policy formulated by the Government in this regard from time to time; and

(b) in the event the Contract Area for which the License is granted is less than 50% of the area indicated as the Block, the Contractor shall have the right to relinquish the entire Contract Area and this Contract shall stand terminated. In such circumstances, the Contractor shall not have any liability under this Contract, and provisions providing for liquidated damages or indemnity for non-performance shall not be applicable (including but not limited to Article 5.8, 10.12, 23.2). The provisions of Article 29.10 shall not be applicable to the termination of this Contract pursuant to this Article 5.10.

## **ARTICLE 6** **MANAGEMENT COMMITTEE**

6.1 There shall be constituted a committee to be called the Management Committee with functions as stated herein below.

6.2 The Management Committee shall comprise of:

- (a) two (2) representatives of the Government; and
- (b) two (2) representatives of the Contractor; *provided however*, if the Contractor comprises of two or more Members then each Member shall have one (1) representative on the Management Committee.

The Parties shall nominate their representatives who would comprise the Management Committee, within thirty (30) days of the Effective Date.

6.3 Each Party may nominate alternate members with full authority to act in the absence and on behalf of the members nominated under Article 6.2 and may, at any time, nominate another member or alternate member to replace any member nominated earlier by notice to other members of the Management Committee.

- 6.4 One representative of the Government shall be designated as the Chairman of the Management Committee and the second representative of the Government shall be designated as the Deputy Chairman. The member of the Operator, or the member designated by the Operator where Operator has two (2) members in the Management Committee shall be designated as the Secretary of the Committee.
- 6.5 The following matters shall be submitted by the Contractor to the Management Committee for approval:
- (a) the TAR comprising Part C FDP in particular: (i) estimation of in place volumes and recoverable reserves; and (ii) initial production profile for the life of the Field;
  - (b) annualProgram Quantity i.e. the annual projected production profile for the immediately following three years pursuant to Article 10.12;
  - (c) determination of area within the Contract Area to be relinquished;
  - (d) Development Area demarcated by the Contractor in accordance with this Contract
  - (e) methodology for measurement of Petroleum;
  - (f) abandonment plan/ Site Restoration in accordance with applicable rules/regulations/guidelines of the Government.
- 6.6 In addition to the functions under Clause 6.5 above, the Management Committee shall monitor the following technical aspects:
- (a) timelines given for Minimum Work Programmeor Mandatory Work Programme wherever applicable, additional Work Programme and Appraisal Programme;
  - (b) actualproduction levels in accordance with the year on year projections of production as provided by the Contractor pursuant to Article 10;
  - (c) the health of the Reservoir (Reservoir performance) for proper and optimal exploitation of reserves;
  - (d) timelines for implementation of FDP.
- 6.7 Unless agreed otherwise by all the members of the Management Committee, the Secretary to the Management Committee shall initiate a meeting at least once every three (3) months or a shorter period of notice if the members unanimously so agree. The Secretary to the Management Committee shall circulate the agenda for the meeting thirty (30) days prior to such a meeting. The agenda of the meeting should contain the action taken report/ point on decisions taken between two meetings, and shall be finalized and circulated in consultation with the members of the Management Committee.
- 6.8 The quorum for a valid Management Committee meeting shall be the presence of at least one nominated member from each Party being present in person or being represented as per Article 6.3. If the quorum is not present the meeting shall be adjourned by one week and in the next meeting the members present in person or being represented as per Article 6.3 subject to the nominee of the Government being also present, shall constitute the quorum, and

decisions taken by such quorum shall be final and binding on all the Parties including the absenting Parties notwithstanding the provisions of Article 6.9.

- 6.9 The Management Committee shall complete the process of providing any decision or undertaking any monitoring required (including approvals required under Article 6.5 above) within a maximum period of one hundred and twenty (120) days, including seeking any clarifications that it may require from the Contractor(s). The decisions of the Management Committee shall be sought to be taken, in the first instance, unanimously. In case, unanimity is not achieved in the Management Committee within the stipulated one hundred and twenty (120) days, the decision of the Management Committee shall be the decision taken by the positive vote of: (i) the representative of the Contractor or the representatives of the Members having an aggregate Participating Interest of seventy percent (70%) or more (as applicable); and (ii) the representative of the Government. Where the decision could not be arrived in the Management Committee, the matter shall be referred by the Management Committee to the Government for decision, which decision shall be binding on all Parties to the Contract.
- 6.10 The Chairman or the Deputy Chairman, as may be the case, shall preside over the meetings of the Management Committee and, in their absence, any other member representing Government and present shall preside over the meetings. Secretary to the Management Committee shall be responsible, inter alia, for preparation of the minutes of every meeting in the English language and provision to every member of the Management Committee with two (2) copies of the minutes approved by the Chairman within three (3) Business Days of the meeting.
- 6.11 The meetings of the Management Committee shall be held in India. All expenses of the members of the Management Committee attending meetings shall be borne by the respective Party.
- 6.12 The Management Committee, if it considers necessary, may appoint legal, financial or technical subcommittees comprised of such representatives as may be agreed by the Management Committee to consider any matter requiring approval or decision of the Government. Such sub-committee expenses shall be borne by the Contractor.

**ARTICLE 7**  
**OPERATORSHIP, JOINT OPERATING AGREEMENT AND OPERATING**  
**COMMITTEE**

- 7.1 If the Contractor is a single entity then the Contractor shall be the Operator for the purpose of carrying out Petroleum Operations pursuant to this Contract during the term of the Contract and the provisions of Article 7.4 and 7.4.1 below shall not be applicable.



- 7.1.1 If the Contractor comprises of more than one Member then the Members comprising the Contractor shall appoint any one among them as the Operator in accordance with Article 7.4 below. *Provided that*, in the event an assignment of Participating Interest in accordance with Article 27 results in increase in the number of constituents of the Contractor, then the provisions of Article 7.4 and 7.4.1 shall apply from the date of such increase.
- 7.2 No change in the Operator shall be effected without the prior written consent of the Government and such consent shall not be unreasonably withheld. In the event the Contractor desires to change the Operator, it shall submit an application to the Government (acting through DGH) seeking Government's (acting through DGH) prior consent for the same. The Government (acting through DGH) shall accept or reject such application within a maximum period of one hundred and twenty (120) days from the date of receipt of the application ("**Approval Period**"). The Government (acting through DGH) shall bear in mind the conditions related to bid evaluation criteria of the award in considering such changes. In the event the Government (acting through DGH) takes more days than the Approval Period ("**Extra Days**") for giving its consent, then the time period provided for obligations of Contractor/ Operator under this Contract shall stand extended by the number of Extra Days.
- 7.3 The functions required of the Contractor under this Contract shall be performed by the Operator on behalf of the Contractor subject to, and in accordance with, the terms and provisions of this Contract and generally accepted Modern Oil Field and Petroleum Industry Practices, provided, however, that this provision shall not be construed as relieving the Contractor (or Members thereof, if applicable) from any of its obligations or liability under the Contract.
- 7.4 In the event the Contractor comprises of Members, then a Joint Operating Agreement shall be executed between the Members, within forty five (45) days of the Effective Date or such longer period as may be agreed to by Government. The said agreement shall be consistent with the provisions of this Contract and shall provide for, among other things:
- (a) the appointment, resignation, removal and responsibilities of one of the Members as the Operator;
  - (b) the establishment of an Operating Committee comprising of an agreed number of representatives of the Members chaired by a representative of the Operator;
  - (c) functions of the said Operating Committee taking into account the provisions of the Contract, procedures for decision making, frequency and place of meetings;
  - (d) contribution to costs, default, sole risk, responsibilities relating to the preparation and implementation of the Work Programme, disposal of Petroleum and assignment as between the Parties to the Joint Operating Agreement.
- 7.4.1 Operator shall provide to the Government a copy of the duly executed Joint Operating Agreement within thirty (30) days of its execution date or such longer period as may be agreed to by the Government.

**ARTICLE 8**  
**GENERAL RIGHTS AND OBLIGATIONS OF THE PARTIES**

- 8.1 Subject to the provisions of this Contract, the Contractor shall have the following rights:
- (a) subject to the provisions of Article 12, the exclusive right to carry out Petroleum Operations (of any type) within the Contract Area;
  - (b) the right to use, free of charge, such quantities of Petroleum produced as are reasonably required for conducting Petroleum Operations in the Contract Area in accordance with generally accepted Modern Oil Field and Petroleum Industry Practices;
  - (c) the right to lay pipelines, build roads, construct bridges, ferries, aerodromes, landing fields, radio telephones and related communication and infrastructure facilities and exercise other ancillary rights as may be reasonably necessary for the conduct of Petroleum Operations subject to such approvals from relevant authorities as may be required and the applicable laws in force from time to time for the regulation and control thereof;
  - (d) the right to use all available technical data, seismic and well information, maps, samples etc. of the Contract Area as on the Effective Date, free of charge, subject to nominal copying/reproduction costs for further Petroleum Operations. The Contractor shall submit the list of all data required by them to Directorate General of Hydrocarbons (DGH) based on the list of data provided in the information docket for the block pertaining to the Contract Area as soon as possible but not later than one hundred and eighty (180) days from the execution of the Contract and the same, if available and reproducible, shall be made available to the Contractor in the office of DGH within ninety (90) days from the submission of such request for data by the Contractor, provided the Effective Date of the Contract has commenced and the Contractor has furnished relevant guarantees under Article 28 of the Contract;
  - (e) such other rights as are specified in this Contract.
- 8.2 The Government reserves the right to itself, or to grant to others the right, to prospect for and mine minerals or substances other than Petroleum within the Contract Area; provided, however, that if after the Effective Date, others are issued rights, or the Government proceeds directly to prospect for and mine in the Contract Area any minerals or substances other than Petroleum, the Contractor shall use its best efforts to avoid obstruction to or interference with such operations within the Contract Area and the third parties and/or the Government, as the case may be, shall use best efforts to ensure that operations carried out do not obstruct or unduly interfere with Petroleum Operations in the Contract Area.
- 8.3 The Contractor shall, having due regard to Modern Oil Field and Petroleum Industry Practices:
- (a) except as otherwise expressly provided in this Contract, conduct all Petroleum Operations at its sole risk, cost and expense and provide all funds necessary for the conduct of Petroleum Operations including funds for the purchase or lease of equipment, materials or supplies required for Petroleum Operations as well as for making payments to employees, agents and Subcontractors;

- (b) conduct all Petroleum Operations within the Contract Area diligently, expeditiously, efficiently and in a safe and workmanlike manner pursuant to the Work Programme formulated in accordance with Contract;
- (c) ensure provision of all information, data, samples etc. which may be required to be furnished under the applicable laws or under this Contract;
- (d) ensure that all equipment, materials, supplies, plant and installations used by the Contractor, the Operator, and Subcontractors comply with generally accepted standards and are of proper construction and kept in safe and good working order;
- (e) in the preparation and implementation of Work Programmes and in the conduct of Petroleum Operations, follow Modern Oil Field and Petroleum Industry Practices with such degree of diligence and prudence reasonably and ordinarily exercised by experienced parties engaged in a similar activity under similar circumstances and conditions;
- (f) after the designation of a Development Area, pursuant to this Contract, forthwith proceed to take all necessary action for prompt and orderly development of the Development Area and for the production of Petroleum in accordance with the terms of this Contract;
- (g) appoint a technically competent and sufficiently experienced representative, and, in his absence, a suitably qualified replacement therefore, who shall be resident in India and who shall have full authority to take such steps as may be necessary to implement this Contract and whose name(s) shall, on appointment within ninety (90) days after commencement of the first Contract Year, be made known to the Government;
- (h) provide acceptable working conditions, living accommodation and access to medical attention and nursing care for all personnel employed in Petroleum Operations;
- (i) carry out such other obligations as are specified in this Contract, in particular those specified in Article 14; and
- (j) be always mindful of the rights and interests of India in the conduct of Petroleum Operations.

**ARTICLE 9**  
**GOVERNMENT ASSISTANCE**

9.1 Upon application in the prescribed manner, and subject to compliance with applicable laws and relevant procedures, the Government or its nominee will:

- (a) use their good offices to provide the right of ingress and egress from the Contract Area and any facilities used in Petroleum Operations, wherever located, and which may be within their control;
- (b) use their good offices, when necessary, to assist the Contractor in procurement or commissioning of facilities required for execution of Work Programmes including necessary approvals, permits, consents, authorisations, visas, work permits, Licenses including Licenses and Leases, rights of way, easement, surface rights and security

- protection at the Contractor's cost, required pursuant to this Contract and which may be available from resources within its control; and
- (c) in the event that onshore facilities are required outside the Contract Area for Petroleum Operations including, but not limited to, storage, loading and processing facilities, pipelines and offices, use their good offices in assisting the Contractor to obtain from the authorities of the State in which such facilities are required, such licenses, permits, authorizations, consents, security protection at the Contractor's cost, surface rights and easements as are required for the construction and operation of the said facilities by the Contractor.

**ARTICLE 10**  
**DISCOVERY, DEVELOPMENT AND PRODUCTION**

- 10.1 If and when a Discovery is made within the Contract Area, the Contractor shall notify the Management Committee of the same as per the prescribed format within seven (7) days from the establishment of the Discovery. The Contractor shall promptly run tests after completion of drilling, as it may determine to be required under Modern Oil Field and Petroleum Industry Practices in respect of such Discovery, to determine whether the Discovery is of potential commercial interest and submit the information in relation to the particulars of such Discovery in writing as per the prescribed format within one hundred and eighty (180) days from the initial notification of the Discovery to the Management Committee.

The Contractor's information about the Discovery submitted under this Article 10.1 shall also specify whether such a Discovery falls under HPHT or Tight Reservoir conditions, which *inter-alia* shall contain data obtained from such tests, its analysis and interpretation thereof and also specify if it merits appraisal. For development of CBM, Article 10.9 shall apply.

- 10.2 If, pursuant to Article 10.1 above, the Contractor informs the Management Committee that the Discovery merits appraisal either individually or jointly with another existing Discovery, it may submit an Appraisal Programme including demarcating the Discovery Area to the Management Committee no later than (i) six (6) months from the date of submission of information under Article 10.1 for onland, shallow water and deepwater blocks and (ii) twelve (12) months from the date of submission of information under Article 10.1 for Ultra Deepwater Blocks and Blocks falling in Frontier Areas. The Appraisal Programme will also specify whether such Discovery would require to be jointly appraised with another existing Discovery (ies) that may be: (a) within the same Contract Area, (b) falling in another Block held by the same Contractor, or (c) falling in an area which has been relinquished by the same Contractor but subsequently not given to another Contractor. Such Appraisal Programme shall be designed to achieve, an adequate and effective Appraisal of such Discovery and to, with reasonable precision, demarcate the boundaries of the area to be delineated as the Development Area.
- 10.3 If a Discovery is located in an area over which the Government has vested a third party with the right to conduct Petroleum Operations and if it could be efficiently developed with a

Discovery made in the Contract Area, the Government may, for securing the more effective recovery of Petroleum, by notice in writing to the Contractor and the other third party require that the Contractor and such third parties collaborate and agree on joint development of such Discoveries, in accordance with Article 19 and generally accepted Modern Oil Field and Petroleum Industry Practices.

- 10.4. The Contractor shall complete the Appraisal pursuant to the Appraisal Programme as formulated under Article 10.2 above and notify the Management Committee as to whether or not it intends to submit the Field Development Plan in relation to the Discovery(ies). *Provided that*, such intention shall be notified(a) in relation to a Discovery(ies) not falling under HPHT or Tight Reservoir conditions or Frontier Areas, within a period of thirty six (36) months from the submission of Appraisal Programme by the Contractor under Article 10.2; or (b) in relation to a Discovery(ies) falling under HPHT or Tight Reservoir conditions or Frontier Areas, within a period of forty two (42) months from the submission of Appraisal Programme by the Contractor under Article 10.2.
- 10.5 In the event that a Discovery of Crude Oil contains ANG, the Contractor shall declare in the notification relating to its intention of submitting a Field Development Plan under Article 10.4 above, whether (and by what amount) the estimated production of ANG is anticipated to exceed the quantities of ANG which will be used in the Petroleum Operations (as determined under Article 20.1) (such excess ANG being hereinafter referred to as “the Excess ANG”). Where the Contractor declares that the Excess ANG cannot be commercially exploited, or is unable to find a market for the Excess ANG the Government shall be entitled to elect to utilise such Excess ANG free of any cost/charge.

If the Government elects to utilize the Excess ANG:

- (a) the Contractor shall deliver such Excess ANG to the Government (or its nominee) free of any cost/charge, at the downstream flange of the Gas/oil separation facilities of the Contractor;
- (b) the Contractor shall, based on sound petroleum engineering practices, install such facilities as would facilitate, insofar as practicable, uninterrupted delivery of such Excess ANG to the Government or its nominee;
- (c) the cost of all facilities installed pursuant to Para (b) above shall be borne by the Government (or its nominee);
- (d) the Government or its nominee shall bear all costs including gathering, treating, processing and transporting costs beyond the downstream flange of the Gas/oil separation facilities; and
- (e) the delivery of such Excess ANG shall be subject to procedures to be agreed between the Government or its nominee and the Contractor prior to such delivery, such procedures to include matters relating to timing of off-take of such Excess ANG. Parties shall endeavour that such procedures do not restrict Oil production.

The Excess ANG which is not commercially exploited by the Contractor, or taken by the Government or its nominee, shall be returned to the subsurface structure or flared or otherwise disposed off as provided in the TAR approved by the Management Committee, subject always to the limitation that the flaring will be resorted to only for small quantities and as a last resort.

- 10.6 If the Contractor under Article 10.4 declares his intention to submit a Field Development Plan in relation to a Discovery (ies) of Natural Gas, the Contractor shall be deemed to have taken into account the Government's policies on Gas utilization and pricing and in Part A FDP (as defined below in Article 10.8) propose options, if any, for the use or consumption of the Natural Gas.
- 10.7 If, after completion of the Appraisal Programme, the Contractor has determined that even though the Discovery is a significant one, but presently the technology needed to exploit the Discovery is commercially unavailable in the market; then the Contractor shall submit a plan to the Management Committee (for onward submission to the Government) providing clear time bound milestones for acquiring the required technology. The Contractor, upon submission of such plan, shall retain the Discovery Area for the time period stated to complete the milestones in such plan for acquiring the technology (such time period being the "Retention Period"). The duration of the Retention Period shall be subject to the approval of the plan by the Government and shall not be for a period more than five (5) years from the completion of the Appraisal Programme pursuant to Article 10.4.

If no plan as mentioned above is submitted to the Management Committee by the Contractor, the Contractor shall relinquish the Discovery Area relating to such Discovery and the same shall be excluded from the Contract Area.

If Contractor does not declare his intention to submit the Field Development Plan in relation to such Discovery by the end of the Retention Period, Contractor shall relinquish its right to develop such Discovery and the area relating to which the Government has approved a Retention Period shall be excluded from the Contract Area.

- 10.8 If, after the completion of the Appraisal Programme, the Contractor notifies about its intention to submit a Field Development Plan in relation to a Discovery or a cluster of Discoveries under Article 10.4 and intends to proceed to develop the same, then the Contractor shall have the obligation to formulate a Field Development Plan either individually or jointly for such Discovery(ies).

The FDP shall comprise of three distinct parts, namely:

- (i) Part A which will comprise of the estimated costs and budgets for the commercial production from the Field ("Part A FDP") to demonstrate economic viability of the project. The information provided in Part A FDP (i.e the budget and estimated capital expenditure) is only for the information and record of the Management Committee;

- (ii) Part B which shall provide the detailed work plan for commercial development of the Field (“Part B FDP”). The implementation of the timelines in the detailed work plan for commercial development of the Discoveries as provided in Part B FDP is open to monitoring by the Management Committee in accordance with Article 6; and
  - (iii) Part C which shall be the detailed technical assessment report (“TAR”) for the commercial development of the Field (“Part C FDP”). Only the Part C FDP, namely TAR, shall be subject to the approval of the Management Committee as specified in Article 6.5 (a).
- 10.9 The FDP shall be submitted to the Management Committee within: (a) three hundred and sixty five (365) days of notification as given in Article 10.4 in case of Petroleum other than CBM or (b) sixty (60) days or earlier before completion of Exploration Period (Phase-II) in case of CBM as specified under Articles 3.2 and 5.4. The FDP shall:
- (i) relate to the development of Discovery or Discoveries in a cluster;
  - (ii) be designed to ensure the most efficient, beneficial and timely use of the Petroleum resources discovered;
  - (iii) be prepared in accordance with sound engineering, economic, safety and environmental principles recognized in the generally accepted Modern Oil Field and Petroleum Industry Practices; and
  - (iv) be prepared in accordance with any Rules / Guidelines notified by the Government.
- 10.10 In relation to TAR for a Discovery of Non Associated Natural Gas, the Contractor will have the obligation to tie-up the market(s) for sale of Non-associated Natural Gas within twenty four (24) Months, from the date of approval of the TAR by the Management Committee.
- 10.11 The Development Phase shall begin after approval of the TAR and continue till commencement of Commercial Production, unless terminated earlier in accordance with Article 10.13 or 10.14. The Contractor shall carry out Development Operations in accordance with the FDP, including but not limited to the purchase, storage of equipment and materials used in developing petroleum accumulations, the drilling, completion and testing of Development Wells, the laying of gathering lines, the installation of separators, tankage, pumps, other producing and injection facilities required to produce, process and transport petroleum into storage or processing facilities, including the laying of pipelines within or outside the Contract Area, storage and Delivery Point or Points, the installation of the said storage or processing facilities required for the development and production of the said petroleum accumulations and for the delivery of the petroleum at the Delivery Point and also including incidental operation, not specifically referred to herein as required for the most efficient and economic development and production of the said petroleum accumulations in accordance with modern oilfields and petroleum industry practices.
- 10.12 No later than the fifteenth (15th) of January each Year from the start of commercial production, on an annual basis the Management Committee shall require the Contractor to prepare an estimate of potential production to be achieved for each of the following three (3) Years (“Program Quantity”) along with appropriate supporting information as may be

requested by Management Committee for approval and monitoring of such Program Quantity by the Management Committee.

The Programme Quantity for any Year shall be the maximum quantity of Petroleum based on Contractor's estimates, as approved by the Management Committee, which can be produced from a Development Area consistent with Modern Oil Field and Petroleum Industry Practices taking into account the capacity of the producing Wells, gathering lines, separators, storage capacity and other production facilities available for use during the relevant Year, as well as the transportation facilities up to the Delivery Point.

In the event if there are any major changes in yearly estimates of Program Quantity, these shall be based on evidence necessitating such changes, and such changes along with supporting information shall be submitted by the Contractor to the Management Committee for its approval.

In case, the Contractor fails to achieve the approved Program Quantity in any Year and falls short by more than twenty five per cent (25%) of the Program Quantity, Liquidated Damages of ten percent (10%) of the value of the short fall will be imposed on the Contractor. The value of the shortfall, for the purposes of determining Liquidated Damages under this Article 10.12, shall be determined on the average price of Crude Oil during the relevant year in which the shortfall occurs. *Provided however*, in the event the failure to achieve the approved Program Quantity in any year is caused due to Force Majeure, the Contractor shall submit an application seeking exemption from imposition of Liquidated Damages under this Article 10.12 wherein it shall provide detailed explanation with supporting documents, where available, as to the manner in which the relevant Force Majeure event adversely impacted the achievement of the approved Program Quantity. The Government (acting through DGH) shall, within a period not exceeding six (6) months from the date of submission of such application for exemption, determine whether or not Liquidated Damages under Article 10.12 shall be imposed on the Contractor.

Similarly, over achievement of twenty five percent (25%) or more of the approved Program Quantity will have to be explained with technical reasoning. In such a case decision of Management Committee shall be final.

- 10.13 In the event the Contractor does not commence Development Operations in such Discovery(ies) within one (1) year from the date of the approval of the TAR , the Contractor shall relinquish its right to develop such Discovery(ies) and the area relating to such Discovery(ies) shall be excluded from the Contract Area.
- 10.14 In the event the Contractor does not commence Commercial Production within: (a) three (3) years in case of onland Blocks or (b) five (5) years in case of shallow water Blocks or (c) seven (7) years in case of Blocks falling in Deepwater Areas, Ultra Deepwater Blocks and Blocks falling in Frontier Areas from the date of the approval of the TAR , the Contractor



shall relinquish its right to develop such Discovery(ies) and the area relating to such Discovery(ies) shall be excluded from the Contract Area.

- 10.15 Notwithstanding any other provisions of this Contract to the contrary, the Contractor shall be free at any time during Exploration Period subject to paying Royalty, Government's Revenue Share and taxes, to produce and market such quantities of Petroleum as it deems appropriate with the approval of the Government. The Contractor is also entitled to enter into sales contracts with any person (including any party) on such terms and conditions at its sole discretion reasonably exercised subject to Article 20 of this Contract.
- 10.16 In the event the area encompassing the Discovery extends beyond the Development Area designated in the Field Development Plan, either within the original Contract Area but subsequently relinquished or, outside the original Contract Area, then the Contractor shall notify the Management Committee of the same and the Management Committee may make recommendations to the Government concerning enlargement of the Development Area, provided the same was not awarded to any other company by the Government or is not held by any other party or not on offer by the Government and no application for a License or Lease is pending with the Government. However, in case the area is held by any other party or on offer by the Government or application for License or Lease is pending with the Government, the Management Committee shall notify the same to the Government for further action on the matter. Government may consider such request for extension at its sole discretion and on terms and conditions, which it may consider fit.

## **ARTICLE 11**

### **PETROLEUM EXPLORATION LICENSE AND LEASE**

#### **11.1 Petroleum Exploration License and Lease**

- 11.1.1 The Contractor shall submit an application for grant of License in respect of the Contract Area, as early as possible, but not later than fifteen (15) Business Days from the date of execution of this Contract.
- 11.1.2 The License shall stand extended till the grant of Lease, the application for which shall be made by the Contractor under Article 11.1.3 of the Contract:
- (a) in relation to such part of the Contract Area for which such application for Lease has been submitted and is pending approval.
  - (b) in relation to such part of the Contract Area for which a Field Development Plan has been submitted by the Contractor but the application for Lease is yet to be submitted.  
The Contractor shall have the right to conduct Petroleum Operations within such areastill the grant of Lease.
- 11.1.3(a) The application for the Lease in respect of the proposed Development Area in respect of Offshore Blocks shall be submitted to the Government upon the submission of the FDP pursuant to Article 10.

(b) The application for the Lease in respect of the proposed Development Area located in onshore area shall be submitted to the relevant State Government upon the submission of the FDP pursuant to Article 10.

11.1.4 Where a Discovery extends beyond the Development Area designated in the Field Development Plan, subject to Article 10, such area may be included in the proposed Development Area, in relation to which application for a Lease is made, on such terms and conditions as decided by the Government; *provided that* such area is:

- (a) not subject to a License or Lease granted to any other person;
- (b) not the subject of negotiations/bidding for a License or Lease; and
- (c) available for licensing (i.e. is not an area over which Petroleum Operations are excluded; and in relation to onshore areas, the land comprising the area is not subject to any litigation or arbitration).

11.1.5 Where a Field Development Plan has been finalised pursuant to the approval of the TAR by the Management Committee and the Contractor has complied with the terms and conditions of the License and this Contract and is not in breach of any of the terms thereof, or the provisions of any law and subject to Government clearances/approvals being obtained by the Contractor as applicable before grant/issue of the Lease; the Government shall subject to Article 11.1.6 grant to the Contractor a Lease, to enable the Contractor to carry out Petroleum Operations in the Development Area in accordance with the Field Development Plan.

11.1.6 The Lease shall be granted for an initial period of twenty (20) years from the date of grant thereof subject to:

- a. cancellation in accordance with its terms, or for termination of this Contract in accordance with its terms;
- b. the Lease period may also be extended by mutual agreement between the Government and the Contractors for such period as may be agreed after taking into account the balance recoverable reserve and balance economic life of the Field/Development Area from the expiry of the initial period. *Provided that* such extension would be for a period upto five (5) years or beyond as may be mutually agreed or as per extant Government policies/guidelines.
- c. the terms of this Contract and other terms and conditions as set forth in such Lease be consistent with this Contract and the relevant legislation.

## **11.2 Right to undertake Exploration for the duration of the Lease**

The Contractor shall have the right to explore for Petroleum (of any type) within the area covered by the mining Lease for the entire duration of the said Lease.

## **ARTICLE 12** **UNIT DEVELOPMENT**

- 12.1 If a Reservoir in a Discovery Areas situated partly within the Contract Area and partly in an area in India over which other parties have a contract to conduct Petroleum Operations and both parts of the Reservoir can be more efficiently developed together on a commercial basis, on receiving information in writing from any party to these contracts or any information on this from any bonafide source, the Government may, for securing the more effective recovery of Petroleum from such Reservoir, by notice in writing to the Contractor, require that the Contractor collaborates and agrees with such other parties on the joint development of the Reservoir, and notify the Government in writing of its intent of such joint development within one hundred (100) days of the receipt of the information by the Government as provided above.
- 12.2 If the parties are unable to agree to collaborate and/or notify the Government on the proposed plan for joint development of the Reservoir as provided in Article 12.1 above, the Government may call for a joint development plan from an independent agency (at the cost of the parties), which agency may make such a proposal after taking into account the position of the parties in this regard. Such a joint development plan, if approved by Government, shall be binding on the parties, notwithstanding their disagreement with the plan. However, the Contractor may in case of any disagreement on the issue of joint development or the proposed joint development plan, prepared in accordance with Article 12.2 or within forty five (45) Business Days of the plan approval as aforesaid in this Article, notify the Government that it elects to surrender its rights in the Reservoir/Discovery in lieu of participation in a joint development.
- 12.3 If a proposed joint development plan is agreed and adopted by the parties, or adopted following determination by the Government, the plan as finally adopted shall be the approved joint development plan and the Contractor shall comply with the terms of the said development plan.
- 12.4 In the event the Contractor determines that the Reservoir in its Contract Area is extending into the contract area already being developed by another entity authorized by the Government (such contract area into which the Reservoir extends hereinafter referred to as “**Other Contract Area**”, and such other block hereinafter referred to as “**Other Block**”, and such other entity hereinafter referred to as “**Other Contractor**”), then the Contractor shall submit an application for joint development of the Reservoir (“**Joint Development Application**”) to the Government (acting through DGH) providing: (i) details of the Reservoir, (ii) details relating to the area falling in the Other Block, (iii) all such other data and information that the Contractor may determine to be relevant. The Contractor shall provide a copy of the Joint Development Application to the Other Contractor prior to or at the time of its submission to the Government.

The Government (acting through DGH) shall carry out preliminary evaluation on the basis of available data for the Contract Area and the Other Contract Area. In the event the Government (acting through DGH) believes that the Reservoir is common, then the Government will direct the Managing Committees of the Block and Other Block to carry out a hydrocarbon balancing study and submit a proposal for joint development of the Reservoir by the Contractor and Other Contractor.

In the event the Contractor and Other Contractor are not able to come to a consensus, the Government (acting through DGH), at the cost of the Contractor and Other Contractor, shall call for a joint development plan from an independent agency, which agency, may make such a proposal after taking into account the position of the Contractor and Other Contractor in this regard. Such a joint development plan, if approved by Government, shall be binding on the Contractor and Other Contractor, notwithstanding their disagreement with the plan. However, the Contractor and the Other Contractor may in case of any disagreement on the issue of joint development or the proposed joint development plan, prepared in accordance with Article 12.4 or within forty five (45) Business Days of the plan approval as aforesaid in this Article, notify the Government that they elect to surrender their rights in the Reservoir in lieu of participation in a joint development.

### **ARTICLE 13** **MEASUREMENT OF PETROLEUM**

- 13.1 Petroleum used for internal consumption, Petroleum Operations, flared, saved and sold from the Contract Area shall be measured for volume, weight and quality by methods and appliances generally accepted and customarily used in Modern Oil Field and Petroleum Industry Practices and approved by the Management Committee.
- 13.2 The Government may, at all reasonable times, inspect and test the appliances used for measuring the volume and determining the quality of Petroleum, provided that any such inspection or testing shall be carried out in such a manner so as not to unduly interfere with Petroleum Operations and may at any time be at variance with Article 13.3(b).
- 13.3 Before commencement of production from the Contract Area, the Parties shall mutually agree on:
- (a) the point or points at which Petroleum shall be measured and the respective Revenue Shares allocated to the Parties in accordance with the terms of this Contract;
  - (b) the frequency of inspections and testing of measurement appliances and relevant procedures relating thereto;
  - (c) the consequences of a determination of an error in measurement;
  - (d) reconciliation mechanism between Petroleum Produced and Saved and Petroleum sold;
- and
- (e) methods to be employed for measurement of volume, weight and quality.
- 13.4 The Contractor shall undertake to measure the volume and quality of the Petroleum Produced and Saved from the Contract Area at the agreed measurement point consistent with generally accepted Modern Oil Field and Petroleum Industry Practices with the frequency and according to procedures agreed pursuant to Article 13.3. The Contractor shall not make any alteration in the agreed method or procedures for measurement or to any of the approved appliances used for that purpose without the written consent of the Management Committee.

- 13.5 The Contractor shall give the Government timely notice of its intention to conduct measuring operations or any agreed alteration for such operations and the Government shall have the right to be present at and supervise, either directly or through authorised representatives, such operations.
- 13.6 The Contractor shall keep all the records of analysis and measurement of hydrocarbons calibrations and proving of measurement system and make available to Government or its authorized agency such records on request.

**ARTICLE 14**  
**PROTECTION OF THE ENVIRONMENT**

- 14.1 The Government and the Contractor recognise that Petroleum Operations will cause some impact on the environment in the Contract Area. Accordingly, in performance of the Contract, the Contractor shall conduct its Petroleum Operations in compliance with all applicable laws and notifications on protection of environment and obtain the clearances required in accordance with applicable rules, regulations, notifications or orders, including (as applicable) The Environment Impact Assessment Notification issued by the Ministry of Environment and Forest, Government of India with due regard to concerns with respect to protection of the environment and conservation of natural resources and shall in particular:
- (a) employ Modern Oil Field and Petroleum Industry Practices and standards including advanced techniques, practices and methods of operation for the prevention of Environmental Damage in conducting its Petroleum Operations;
  - (b) take necessary and adequate steps to:
    - (i) prevent Environmental Damage and, where some adverse impact on the environment is unavoidable, to minimise such damage and the consequential effects thereof on property and people;
    - (ii) ensure adequate compensation for injury to persons or damage to property caused by the effect of Petroleum Operations;
  - (c) comply with the requirements of applicable laws and the reasonable requirements of the Government from time to time, and
  - (d) shall ensure that:
    - (i) Petroleum Operations are conducted in an environmentally acceptable and safe manner consistent with Modern Oil Field and Petroleum Industry Practices and that such Petroleum Operations are properly monitored;
    - (ii) the pertinent completed environmental impact studies are made available to its employees and to its contractors and Subcontractors to develop adequate and proper awareness of the measures and methods of environmental protection to be used in carrying out the Petroleum Operations; and
    - (iii) the contracts entered into between the Contractor and its contractors and Subcontractors relating to its Petroleum Operations shall include the provisions stipulated herein and any established measures and methods for the

implementation of the Contractor's obligations in relation to the environment under this Contract.

- 14.2 If the Contractor fails to comply with the provisions of Article 14.1(b)(i) or contravenes any relevant law, and such failure or contravention results in any Environmental Damage, the Contractor shall forthwith take all necessary and reasonable measures to remedy the failure and the effects thereof.
- 14.3 If the Government in accordance with the laws has good reason to believe that any works or installations erected by the Contractor or any operations conducted by the Contractor are endangering or may endanger persons or any property of any person, or are causing or may cause pollution, or are harming or may harm fauna or flora or the environment to a degree which the Government deems unacceptable, the Government may require the Contractor to take remedial measures within such reasonable period as may be determined by the Government and to repair any such damage. If the Government deems it necessary, it may also require the Contractor to discontinue Petroleum Operations in whole or in part until the Contractor has taken such remedial measures or has repaired any damage caused.
- 14.4 The measures and methods to be used by the Contractor for the purpose of complying with the terms of Article 14.1(b)(i) shall be determined in timely consultation with the Government upon the commencement of Petroleum Operations or whenever there is a significant change in the scope or method of conducting Petroleum Operations and shall take into account the international standards applicable in similar circumstances and any environmental impact study (if any) shall be carried out in accordance with applicable Environment Impact Assessment Notification as applicable from time to time. The Contractor shall notify the Government, in writing, of the measures and methods finally determined by the Contractor and shall cause such measures and methods to be reviewed from time to time in the light of prevailing circumstances.
- 14.5. Subject to the provisions of all applicable laws and notifications on protection of environment, any new project or expansion or modernization projects for Petroleum Operations for which a proposal is submitted by the Contractor, the Government shall accord environmental clearance in accordance with the relevant notifications, rules, regulations and orders concerning Environmental Impact Assessment issued by the Ministry of Environment and Forests from time to time. However, wherever forest land is involved, the Contractor shall have to obtain approval of the Central Government through the State Government concerned under the Forest (Conservation) Act, 1980 and Rules made thereunder. In the event the Government or the State Government takes more than the time period stipulated under the applicable laws for providing such clearances, or where no specific time period is provided for grant of such clearance, more than 120 (one hundred and twenty) days ("**Approval Period**"), then the days taken by the Government or State Government in addition to the Approval Period to grant such approval ("**Extra Days**") shall be taken into account in determining all time periods provided for discharge of obligations of the Contractor under the Contract and such time periods, if already determined, shall stand extended by the number of Extra Days.

- 14.6 The Contractor shall, prior to conducting any drilling activities, prepare and submit for review by the Government contingency plans for dealing with Oil spills, fires, accidents, blow outs and emergencies, designed to achieve rapid and effective emergency response. The plans referred to above shall be discussed with the Government and concerns expressed shall be taken into account.
- 14.6.1 In the event of an emergency, accident, Oil spill or fire arising from Petroleum Operations affecting the environment, the Contractor shall forthwith notify the Government and shall promptly implement the relevant contingency plan and perform such Site Restoration as may be necessary in accordance with Modern Oil Field and Petroleum Industry Practices.
- 14.6.2 In the event of any other emergency or accident arising from the Petroleum Operations affecting the environment, the Contractor shall take such action as may be prudent and necessary in accordance with Modern Oil Field and Petroleum Industry Practices in such circumstances.
- 14.7 In the event that the Contractor fails to comply with any of the terms contained in Article 14.6 within a period specified by the Government, the Government, after giving the Contractor reasonable notice in the circumstances, may take any action which may be necessary to ensure compliance with such terms and to recover from the Contractor, immediately after having taken such action, all costs and expenditures incurred in connection with such action together with such interest as may be determined in accordance with Section 1.6 of Appendix C of this Contract.
- 14.8 The Contractor shall prepare a proposal for the restoration of site including abandonment plan and requirement of funds for this and the annual contribution and such proposal shall be submitted for the consideration and approval of the Management Committee. The annual contribution shall be deposited by the Contractor in the Site Restoration fund, which will be established, in accordance with the scheme notified by the Government. For this purpose, the annual contribution to Scheme shall be calculated based on unit of production method i.e. Reserve to Production Ratio.
- 14.9 In this Article, a reference to Government includes the State Government.
- 14.10 Where the Contract Area is partly located in areas forming part of certain national parks, sanctuaries, mangroves, wetlands of national importance, biosphere reserves and other biologically sensitive areas passage through these areas shall generally not be permitted. However, if there is no passage, other than through these areas to reach a particular point beyond these areas, permission of the appropriate authorities shall be obtained.
- 14.11 The obligations and liability of the Contractor for the environment hereunder shall be limited to damage to the environment which:
- (a) occurs after the Effective Date; and
  - (b) results from an act or omission of the Contractor.

**ARTICLE 15**  
**REVENUE SHARE**

- 15.1 “Revenue” for the purposes of determining the Revenue Share under this Contract shall be determined as follows:
- (i) all amounts that are accruing to the Contractor on account of or in relation to the Petroleum Produced and Saved, from the Contract Area, during a month after the Effective Date (including any amounts accruing due to any transaction relation to Petroleum Produced and Saved during the Exploration Period, Development Phase, and during Commercial Production) shall be included in computing the Revenue for the relevant month. It is clarified that the accounting for Revenue, under this Contract, shall be undertaken by the Contractor on an accrual basis irrespective of the date when such amount is either billed or received by the Contractor;
  - (ii) all amounts accrued in relation to Petroleum Produced and Saved in a month (remaining after deducting Royalty payments required to be made by the Contractor, in the relevant month) shall be taken into account for determining the Revenue;
  - (iii) amounts attributable to “marketing margin” (as and when determined and made applicable under applicable law) shall be taken into account towards determining the Revenue;
  - (iv) all amounts accruing from any monetization of the Petroleum in the Reservoir, or any amounts received from any transaction relating to monetization of the potential of a Contract Area, shall also be taken into account towards determining the Revenue. *Provided however*, any debt financing received by the Contractor shall be excluded from being accounted towards Revenue;
  - (v) the value for the Petroleum given in a relevant transaction even if such transaction is based on a swapping arrangement (irrespective of the actual price or cost at which the Petroleum is being delivered under such swapping arrangement) shall be taken into account for computing the Revenue; and
  - (vi) the value for the Petroleum given in a relevant transaction irrespective of whether such transaction is for cash or kind, shall be taken into account for computing the Revenue;
- 15.2 The Government’s Revenue Share in each month from the Effective Date shall be determined in accordance with this Article 15 read with Appendix D. The Contractor shall pay the Government on a monthly basis (in accordance with Article 15.5 below), the Government’s Revenue Share from the Revenue for such month (as determined in accordance with Article 15.1 from the Contract Area, in accordance with the provisions of this Article 15.
- 15.3 The Government's Revenue Share shall be determined separately for Crude Oil and Natural Gas in accordance with the production - price matrix by reference to the applicable price band and production tranche as detailed in Appendix D.



15.4 The Contractor's share of Revenue from Petroleum Produced and Saved, shall be the amount of Revenue for the relevant month remaining after deducting the Government's Revenue Share (“**Contractor’s Revenue Share**”).

15.5 The Government’s Revenue Share shall be paid as follows: (i) in the event that the Revenue generated from the Petroleum Produced and Saved, and the amounts in the Escrow Account are sufficient to make the payments of the Government’s Revenue Share, then the said amount shall be paid from the Escrow Account by the Contractor to the Government within a period of fifteen (15) days from the end of the relevant month. Any outstanding portion of the Government’s Revenue Share will attract interest at the rate of 10% per annum, or (ii) if the Revenue in the Escrow Account is not sufficient to make the payments of the Government’s Revenue Share, then the payment shall be made directly by the Contractor in the form of a demand draft drawn in favour of “Pay and Account Officer, MoP&NG”, Shastri Bhavan, New Delhi or its successor.

The payment of Government’s Revenue Share under this Article 15.5 shall be accompanied by the calculation of the Government’s Revenue Share together with the calculation of the total Revenue generated during the relevant month for which the payment is duly made. Such calculation shall be duly certified by the auditor of the Escrow Account mutually agreed to be appointed by the Parties for this purpose. If the Contractor and the Government fail to mutually agree to the appointment of such auditor, the auditor shall be appointed by the Government.

## **ARTICLE 16** **ESCROW ACCOUNT**

16.1 Escrow Account

- (a) The Contractor shall, within [●] days of execution of this Contract, open and establish an Escrow Account with a bank acceptable to Government (the “Escrow Bank”) in accordance with this Contract read with the escrow agreement, a draft of which is provided in Appendix E (“Escrow Agreement”).
- (b) The creation and operation of the Escrow Account shall be governed by the Escrow Agreement.

16.2 Deposits into Escrow Account

The Contractor shall deposit all the Revenues as defined in Article 1.2.96 of this Contract.

16.3 Withdrawals during Contract Period

The Contractor shall, at the time of opening the Escrow Account, give irrevocable instructions, under the Escrow Agreement, to the Escrow Bank instructing, *inter alia*, that: (i) until the delivery by the Government to the Escrow Bank of written notice of the occurrence

of an Event of Default in the payment of the Government's Revenue Share by the Contractor under the Contract (with a copy to the Contractor); on each Business Day all funds and monies that become available in the Escrow Account, be withdrawn from the Escrow Account and be transferred to an account of the Contractor as designated, in writing, by the Contractor to the Escrow Agent (with a copy to the Government) and (ii) immediately upon the issuance, by the Government, of a notice of occurrence of Event of Default in the payment of the Government's Revenue Share by the Contractor under the Contract and till such time as the Government issues a notice stating that such Event of Default by the Contractor has been cured and is no longer continuing, all transfers and withdrawals from the Escrow Account under sub-para (i) shall cease and all transfers and withdrawals from the Escrow Account shall be governed and carried out by the Escrow Bank in the following order based on the receipt of relevant demand or instructions:

- (a) all Royalty Payments payable to the Government under the Contract;
- (b) all Government's Revenue Share payable to the Government under the Contract;
- (c) all payments of Liquidated Damages certified by Government as due and payable to it by the Contractor pursuant to the Contract; and
- (d) balance yet to be paid to the Government under the above three heads.

#### **ARTICLE 17**

#### **TAXES, ROYALTIES, RENTALS, DUTIES ETC**

- 17.1 Companies and operations under this Contract shall be subject to all fiscal legislation in India except where, pursuant to any authority granted under any applicable law, they are exempted wholly or partly from the application of the provisions of a particular law or as otherwise provided herein.
- 17.2 Pursuant to the provisions of section 42 of the Income-tax Act, 1961, the allowances specified herein shall apply in computing income tax payable by a Company on its profits and gains from the business of Petroleum Operations in lieu of (and not in addition to) corresponding allowances provided for under the heading "Profits and Gains of Business or Profession" in the Income-tax Act, 1961. Any other allowances, which are not specified herein, shall be treated in accordance with the provisions of Income-tax Act, 1961.
- 17.2.1 Subject to the provisions herein below, deductions at the rate of one hundred percent (100%) per annum shall be allowed for all expenditures, both capital and revenue expenditures, incurred in respect of Exploration Operations and drilling operations. The expenditure incurred in respect of Development Operations, other than drilling operations, and Production Operations will be allowable as per the provisions of the Income-tax Act, 1961. The expenses so incurred are subject to the following:
- (a) where any expenditure is not solely incurred on Petroleum Operations or is incurred as part of or in conjunction with any other business, only that proportion of the total

expenditure which can be proved to the assessing officer to represent a fair proportionate part thereof, having regard to all relevant facts and circumstances, shall be allowed;

(b) sections 40A and 44C of the Income-tax Act, 1961, shall apply.

17.2.2 A Company shall be entitled, for income tax purposes only, to deduct all its unsuccessful Exploration Costs in contract areas covered by other contracts from the aggregate value of Petroleum allocable to the Company from any Field(s) in the Contract Area in the manner as follows:

(a) unsuccessful Exploration Costs incurred in contract areas other than the Contract Area where an intention of submission of FDP has been submitted on the date of commencement of Commercial Production, shall be aggregated and the Company shall be entitled to deduct such costs at the rate of one hundred per cent (100%) per annum; and

(b) unsuccessful Exploration Costs incurred in contract areas other than the Contract Area where an intention of submission of FDP has been submitted, after the commencement of Commercial Production, shall be deductible at the rate of one hundred per cent (100%) per annum of such costs beginning from the Year such costs are incurred.

17.2.3 All allowable expenditure incurred prior to the Year in which Commercial Production commences shall be aggregated and the assessed loss for that Year as well as the assessed loss, if any, incurred in the assessment year relevant to the Year in which Commercial Production commences, or in any subsequent assessment year, shall be carried forward to succeeding assessment years and set off as provided in the Income-tax Act, 1961.

17.2.4 For any or all accumulated expenditures incurred in respect of Exploration Operations and drilling operations prior to the date of commercial production, Company(ies) shall have option to amortize such expenditures over a period of ten (10) years from the date of first commercial production.

17.2.5 The profits and gains of the business of the Members comprising the Contractor consisting of Petroleum Operations shall, for the purpose of levy of income tax under the Income-tax Act, 1961, be computed on the basis of the value, determined in accordance with Article 20, of its Participating Interest share of Crude Oil produced and saved and sold, or otherwise disposed of, from the Contract Area and from any revenue realised on the sale of Associated or Non Associated Natural Gas as well as any other gains or receipts from Petroleum Operations as reduced by the deductions as specified herein, and, except as herein provided, all the provisions of the Income-tax Act, 1961, shall apply.

17.2.6 Company (ies) shall be eligible for benefits available under section 80 IB of the Income-tax Act, 1961 as applicable from time to time.

17.3 For the purposes of Article 17.2 and section 42 of the Income-tax Act, 1961:

17.3.1 The following terms used in section 42 of the Income-tax Act, 1961, shall have the meanings corresponding to the terms used in this Contract and defined in Article 1 as follows:

(a) “agreement” means this Contract as defined in Article 1;

(b) “commercial production” shall have the meaning assigned in Article 1.

17.3.2 The terms “assessing officer”, “assessed loss”, and “assessment year” shall have the meaning as defined in the Income-tax Act, 1961.

17.3.3 The other terms used herein and defined in Article 1 shall have the meaning therein ascribed.

17.4 The Parties hereby agree that the taxes, duties, cess under but not limited to income tax or corporate tax, are sovereign acts of the Government and are not subject to contract, or any negotiation, and no representation or assurance in respect thereof is being provided to the Contractor herein.

17.5 The Contractor shall be required to pay Royalty to the Government under the applicable laws in force from time to time.

## **ARTICLE 18**

### **DOMESTIC SUPPLY, SALE, DISPOSAL AND EXPORT OF NATURAL GAS, CRUDE OIL AND CONDENSATE**

18.1 Until such time as the total availability of Crude Oil and Condensate and/or Natural Gas from all Petroleum production activities in India meets the total national demand as determined by the Government, each Member of the Contractor, shall sell in the domestic market in India all of the Company’s entitlement to Crude Oil and Condensate and/or Natural Gas from the Contract Area.

18.2 If India attains Self-sufficiency in Natural Gas and/or Crude Oil and Condensate, during any year, the Government shall advise the Contractor accordingly by a written notice. In such an event, domestic sale obligation shall be suspended for such period as may be specified by the Government, and the Contractor/ each Member thereof (if any) shall have the right to lift and export its Participating Interest share of Crude Oil and Condensate and/or Natural Gas during the said period, subject to any other extant policy guidelines of the Government applicable from time to time.

- 18.3 If Self-sufficiency ceases to exist, the position shall revert to domestic sale obligation as outlined in Article 18.1.
- 18.4 Each Company comprising the Contractor shall, throughout the term of this Contract, have the right to separately take in kind and dispose of all its share from its Participating Interest and shall have the obligation to lift the said Petroleum on a current basis and in such quantities so as not to cause a restriction of production or inconvenience to the other Company (ies).
- 18.5 For the purpose of implementing the provisions of this Article, a Crude Oil lifting procedure and Crude Oil sales agreement based on generally acceptable international terms shall be agreed upon by the Contractor with buyer(s) no later than six (6) months or such shorter period as may be mutually agreed between the Contractor and buyer(s) under intimation to the Government prior to the commencement of production in a Field. Such lifting procedure shall be made available to all the Parties to this Contract.

**ARTICLE 19**  
**JOINT DEVELOPMENT OF COMMON INFRASTRUCTURE**

- 19.1 The Contractor and other party(ies) having rights over any other block, whether such block lies adjacent to the Contract Area or not, can mutually agree to:
- (i) terms and conditions of using for their respective Petroleum Operations any infrastructure(s) already existing in relation to any Block or Contract Area; or
  - (ii) develop common infrastructure(s) in accordance with the terms and conditions mutually agreed to between the Contractor or the other party(ies).
- 19.2 Any agreement on joint development of infrastructure pursuant to Article 19.1 shall be submitted to the Government within seven (7) days of execution of such agreement.
- 19.3 Where an agreement for joint development pursuant to this Article 19 is entered into between Parties who had been awarded their Contracts under different nomination / pre NELP/ NELP / CBM Rounds and have different remaining terms, the contractors can submit a proposal for the amendment to the provisions of their respective contracts for the decision of the Government.

**ARTICLE 20**

## **PRINCIPLES DETERMINING VALUE OF PETROLEUM**

- 20.1 The Contractor shall have the right to use Natural Gas produced from the Contract Area for the purpose of Petroleum Operations including reinjection for pressure maintenance in Oil Fields, gas lifting and captive power generation required for Petroleum Operations.
- 20.2 For the purpose of domestic sale obligation, the Contractor shall have freedom to market the Natural Gas and sell its entitlement as per Government Policy for utilization of gas among different sectors.
- 20.3 For the purpose of this Contract, the value of Crude Oil, Condensate and Natural Gas shall be based on the price determined as provided herein.
- 20.4 Valuation of Petroleum (other than Natural Gas)
- 20.4.1 A price for Crude Oil shall be determined for each Month or such other period as the Parties may agree (hereinafter referred to as “the Delivery Period”) in terms of United States Dollars per Barrel, on import parity basis (with marine freight being determined on the basis of nearest port to the Contract Area) for Crude Oil produced and sold or otherwise disposed off from Contract Area, for each Delivery Period, in accordance with the appropriate basis for that type of sale or disposal specified below. The basis of valuation given in this Article 20.4.1 shall apply only where the Government is of the view that the sale price realized by the Contractor or Members thereof are not consistent with the price realizable at Arms Length Sales.
- 20.4.2 In the event that some or all of the Contractor’s/Members (as applicable) total sales of Crude Oil during a Delivery Period are made to third parties, all sales so made shall be valued at the weighted average of the prices actually invoiced by the Contractor’s/Members (as applicable) calculated by dividing the total invoice value from all such sales at the Delivery Point by the total number of Barrels of the Crude Oil sold in such sales.
- 20.4.3 Each Member constituting the Contractor shall separately submit to the designated nominee of the Government, within fifteen (15) days of the end of each Delivery Period, a report containing the actual prices invoiced for sale of any Crude Oil. Such reports shall distinguish between term sales and spot sales and itemize volumes, customers, prices received and credit terms, and the Contractor/ each Member comprising thereof (as the case may be) shall allow the designated nominee(s) of the Government to examine the relevant sales contracts.
- 20.4.4 In order to determine, the applicable price band required for calculating the Government’s Revenue Share pursuant to Appendix D, the average Crude Oil price shall be determined by considering the arithmetic average price per Barrel determined by calculating the average for such month pursuant to this Article 20.4.

20.4.5 The provisions specified above for the determination of the price of sales of Crude Oil shall apply mutatis mutandis to Condensates.

## 20.5 Valuation of Natural Gas

20.5.1 The Contractor shall endeavor to sell all Natural Gas produced and saved from the Contract Area at Arms-Length Sales prices and for the benefit of Parties to the Contract.

20.5.2 Notwithstanding the provision of Article 20.5.1, Natural Gas produced from the Contract Area shall be valued for the purposes of this Contract as follows:

- (a) Gas which is used as per Article 20.1 or flared with the approval of the Government or re-injected or sold to the Government pursuant to Article 10.5 shall be ascribed a zero value;
- (b) Gas which is sold to the Government or any other Government nominee shall be valued on the terms and conditions actually obtained including pricing formula and delivery; and (Explanation: However, it is clarified that this provision would apply only when the sale is made to the Government or Government nominee under the provisions of the Contract); and
- (c) Gas which is sold or disposed of otherwise than in accordance with Para (a) or (b) shall be valued on the basis of competitive Arms Length Sales in the region for similar sales under similar conditions.

20.5.3 So as to ensure that the gas is valued at Arms Length Sales price or where Arms Length Sales price is impossible to arrive at the formula or basis on which the prices shall be determined pursuant to Article 20.5.2 (c) shall be approved by the Government prior to invitation of price bids or other price discovery steps by Contractor for the sale of natural gas to consumers / buyers, within sixty (60) Business Days from the receipt of the proposal or from the date of receipt of clarification / additional information, where asked for by the Government. For granting this approval, Government shall take into account amongst other relevant considerations, the domestic and international prices of comparable gas and the linkages with traded liquid fuels. The price of natural gas arrived at through the approved formula / basis shall be applicable uniformly to all the consuming sectors indicated under Article 20.2. Where the Contractor makes sale of gas at prices higher than approved formula / basis, then the higher price would be reckoned for the purposes of Government take.

**ARTICLE 21**  
**EMPLOYMENT, TRAINING AND TRANSFER OF TECHNOLOGY**

- 21.1 Without prejudice to the right of the Contractor to select and employ such number of personnel as, in the opinion of the Contractor, are required for carrying out Petroleum Operations in a safe and efficient manner, the Contractor shall, to the maximum extent possible, employ, and require the Operator and Subcontractors to employ, citizens of India having appropriate qualifications and experience, taking into account experience required in the level and nature of the Petroleum Operations.
- 21.2 The Operator shall offer a mutually agreed number of Indian nationals the opportunity for on-the-job training and practical experience in Petroleum Operations during the Exploration Period. Not later than six (6) months after submission of FDP, the Operator shall, in consultation with the Government, establish and implement training programmes for staff positions in each Exploration Period and level of Petroleum Operations including skilled, technical, executive and management positions, with a view to ensuring employment of nationals of India and gradual and progressive reduction of foreign personnel.
- 21.3 At the request of the Government, the Foreign Companies shall separately endeavour to negotiate, in good faith, technical assistance agreements with the Government or a company nominated by Government for this purpose setting forth the terms by which each Foreign Company constituting the Contractor may render technical assistance and make available commercially proven technical information of a proprietary nature for use in India by the Government or the company nominated by Government. The issues to be addressed in negotiating such technical assistance agreements shall include, but not be limited to, licensing issues, royalty conditions, confidentiality restrictions and method of payment.

**ARTICLE 22**  
**LOCAL GOODS AND SERVICES**

- 22.1 In the conduct of Petroleum Operations, the Contractor shall:
- (a) give preference to the purchase and use of goods manufactured, produced or supplied in India provided that such goods are available on terms equal to or better than imported goods with respect to timing of delivery, quality and quantity required, price and other terms;
  - (b) employ Indian Subcontractors having the required skills or expertise, to the maximum extent possible, insofar as their services are available on comparable standards with those obtained elsewhere and at competitive prices and on competitive terms; provided that where no such Subcontractors are available, preference shall be given to non-



- Indian Subcontractors who utilise Indian goods to the maximum extent possible, subject, however, to the proviso in Para (a) above; and
- (c) ensure that provisions in terms of Para (a) and (b) above are contained in contracts between the Operator and its Subcontractors.

22.2 Within sixty (60) days after the end of each Year, the Contractor shall provide the Government with a report outlining its achievements in utilising Indian resources during that Year in accordance with Section 8 of Appendix C to this Contract.

22.3 In this Article “goods” means equipment, materials and supplies.

## **ARTICLE 23**

### **INSURANCE AND INDEMNIFICATION**

#### **23.1 Insurance**

23.1.1 The Contractor shall, during the term of this Contract, maintain and obtain insurance coverage for and in relation to Petroleum Operations for such amounts and against such risks as are customarily or prudently insured in the international petroleum industry in accordance with Modern Oil Field and Petroleum Industry Practices, and shall within two (2) months of the date of policy or renewal furnish to the Government, certificates evidencing that such coverage is in effect. Such insurance policies shall include the Government as additional insured and shall waive subrogation against the Government. The said insurance shall, without prejudice to the generality of the foregoing, cover:

- (a) loss or damage to all installations, equipment and other assets for so long as they are used in or in connection with Petroleum Operations; *provided however*, that if for any reason the Contractor fails to insure any such installation, equipment or assets, it shall replace any loss thereof or repair any damage caused thereto;
- (b) loss, damage or injury caused by pollution in the course of or as a result of Petroleum Operations;
- (c) loss of property or damage or bodily injury suffered by any third party in the course of or as a result of Petroleum Operations for which the Contractor may be liable;
- (d) any claim for which the Government may be liable relating to the loss of property or damage or bodily injury suffered by any third party in the course of or as a result of Petroleum Operations for which the Contractor is liable to indemnify the Government, or the State Government;
- (e) with respect to Petroleum Operations offshore, the cost of removing wrecks and cleaning up operations following any accident in the course of or as a result of Petroleum Operations; and
- (f) the Contractor’s and/or the Operator’s liability to its employees engaged in Petroleum Operations.

23.1.2 The Contractor shall require its Subcontractors to obtain and maintain insurance against the risks referred to in Article 23.1.1 relating mutatis mutandis to such Subcontractors.

23.2 **Indemnity**

Subject to Article 4.6, the Contractor shall indemnify, defend and hold the Government, and the State Government harmless against all claims, losses and damages of any nature whatsoever, including, without limitation, claims for loss or damage to property or injury or death to persons caused by or resulting from any Petroleum Operations conducted by or on behalf of the Contractor.

**ARTICLE 24**  
**RECORDS, REPORTS, ACCOUNTS AND REVENUE AUDIT**

24.1 The Contractor shall prepare and maintain in original at an office in India accurate and current books, records, reports and accounts of its activities for and in connection with Petroleum Operations so as to present a fair, clear and accurate record of all its activities, expenditures, income, and statutory levies / taxes. The Contractor shall maintain party-wise record of sales showing all line items included in the invoice. The Contractor shall maintain record of credits into the Escrow Account against sales. The Contractor shall reconcile the measured quantity of Petroleum Produced and Saved with the quantity sold.

For the purpose of this Contract, the Contractor shall maintain an Escrow Account in accordance with Article 16.

24.2 Based on generally accepted and recognised accounting principles and modern petroleum industry practices, record, books, accounts and accounting procedures in respect of Petroleum Operations shall be maintained on behalf of the Contractor by the Operator, at its business office in India, in accordance with the Accounting Procedure to this Contract.

24.3 The Contractor shall submit to the Government regular Statements and reports relating to Petroleum Operations as provided in Appendix C.

24.4 The annual audit of Revenues shall be carried out on behalf of the Contractor by an independent firm of chartered accountants, registered in India in accordance with the generally accepted auditing and accounting practices in India.

24.5 The Government shall have the right to audit the Escrow Account and Revenue.

24.6 The accounting and auditing provisions and procedures specified in this Contract are without prejudice to any other requirements imposed by any statute in India, including, without limitation, any specific requirements of the statutes relating to taxation of Companies.

- 24.7 For the purpose of any audit pursuant to this Contract, the Contractor shall make available in original to the auditor all such books, records, accounts and other documents and information as may be reasonably required by the auditor during normal business hours.

**ARTICLE 25**  
**INFORMATION, DATA, CONFIDENTIALITY, INSPECTION AND SECURITY**

- 25.1 The Contractor shall, promptly after they become available in India, provide the Government, free of cost, with all data obtained as a result of Petroleum Operations under the Contract including, but not limited to, geological, geophysical, geochemical, petrophysical, engineering, Well logs, maps, magnetic tapes, cores, cuttings and production data as well as all interpretative and derivative data, including reports, analyses, interpretations and evaluation prepared in respect of Petroleum Operations (hereinafter referred to as “Data”). Data shall be the property of the Government, provided, however, that the Contractor shall have the right to make use of such Data, free of cost, for the purpose of Petroleum Operations under this Contract as provided herein.
- 25.2 The Contractor may, for use in Petroleum Operations, retain copies or samples of material or information constituting the Data and, retain original material constituting Data with the approval of the Government. In case the Data is capable of reproduction and copies or samples have been supplied to the Government in equivalent quality, size and quantity, the Contractor may, export samples or original Data for processing or laboratory examination or analysis subject to the right of inspection by the Government and applicable regulations.
- 25.3 The Contractor shall keep the Government currently advised of all developments taking place during the course of Petroleum Operations and shall furnish the Government with full and accurate information and progress reports relating to Petroleum Operations (on a daily, Monthly, Yearly or other periodic basis) as Government may reasonably require, provided that this obligation shall not extend to proprietary technology. The Contractor shall meet with the Government at a mutually convenient location in India to present the results of all geological and geophysical work carried out as well as the results of all engineering and drilling operations as soon as such Data becomes available to the Contractor.
- 25.4 All Data, information and reports obtained or prepared by, for or on behalf of, the Contractor pursuant to this Contract shall be treated as confidential and, subject to the provisions herein below, the Parties shall not disclose the contents thereof to any third party without the prior consent in writing of the other Parties.
- 25.5 The obligation specified in Article 25.4 shall not operate so as to prevent disclosure:
- (a) to Affiliates, contractors, or Subcontractors for the purpose of Petroleum Operations;

- (b) to employees, professional consultants, advisers, data processing centres and laboratories, where required, for the performance of functions in connection with Petroleum Operations for any Party comprising the Contractor;
- (c) to banks or other financial institutions, in connection with Petroleum Operations;
- (d) to bonafide intending assignees or transferees of a Participating Interest of a Party comprising the Contractor or in connection with a sale of the stock or shares of a Party comprising the Contractor;
- (e) to the extent required by any applicable law or in connection with any legal proceedings or by the regulations of any stock exchange upon which the shares of a Party or an Affiliate of a party comprising the Contractor are quoted;
- (f) to Government departments for, or in connection with, the preparation by or on behalf of the Government of statistical reports with respect to Petroleum Operations, or in connection with the administration of this Contract or any relevant law or for any purpose connected with Petroleum Operations; and
- (g) by a Party with respect to any Data or information which, without disclosure by such Party, is generally known to the public.

25.6 Any Data, information or reports disclosed by the Parties comprising the Contractor to any other person pursuant to Article 25.5 (a) to (d) shall be disclosed on the terms that such Data, information or reports shall be treated as confidential by the recipient. Prompt notice of disclosures made by Companies pursuant to Article 25.5 shall be given to the Government.

25.7 Any Data, information and reports relating to the Contract Area which, in the opinion of the Government, might have significance in connection with offers by the Government of acreages, may be disclosed by the Government for such purpose. Government may also disclose such Data or information for any exploration programme to be conducted by a third party in adjoining areas with the consent of the Contractor, for better understanding of regional geological set-up and such consent by the Contractor shall not be unreasonably withheld.

25.8 Where an area ceases to be part of the Contract Area, the Contractor shall hand over all the originals and copies of the Data and information with respect to that part to the Government within a period of one (1) year from the date of relinquishment or surrender. The Contractor shall, however, be allowed to retain one copy of the Data in its possession for its own use, where required, and shall not use the Data for sale or any other purposes. Subject to the provisions of this Article, the Contractor shall keep all Data/information confidential.

**(Explanatory Note:** Pursuant to this Article 25, and notwithstanding any provision in the Contract to the contrary the Government shall have the right to disclose and freely use all data and information at its sole discretion except for data of proprietary nature such as interpretation report to any party on or after three (3) years from acquisition of such data in order to promote exploration and production activities in the country. For any relinquished

areas the Government shall have right to disclose and freely use all the data immediately after such relinquishment.)

- 25.9 The Government shall, at all reasonable times, through duly authorised representatives, be entitled to observe Petroleum Operations and to inspect all assets, books, records, reports, Escrow Account, contracts, samples and Data kept by the Contractor or the Operator in respect of Petroleum Operations in the Contract Area, provided, however, that the Contractor shall not be required to disclose any proprietary technology. The duly authorised representatives shall be given reasonable assistance by the Contractor for such functions and the Contractor shall afford such representatives reasonable use of all facilities and privileges afforded to its own personnel in the field including the use of office space and housing for a period not exceeding thirty (30) man days in a Year and thereafter at the cost of Government. The said representatives shall be entitled to make a reasonable number of surveys, measurements, drawings, tests and copies of documents, take samples, and make reasonable use of the equipment and instruments of the Contractor provided that such functions shall not unduly interfere with the Contractor's Petroleum Operations.
- 25.10 The Contractor shall give reasonable advance notice to the Government, or to any other authority designated by the Government for such purpose, of its programme of conducting surveys by aircraft or by ships, indicating, inter alia, the name of the survey to be conducted, approximate extent of the area to be covered, the duration of the survey, the commencement date, and the name of the airport or port from which the survey aircraft or ship will commence its voyage.
- 25.11 The Government, or the authority designated by the Government for such purpose, shall have the right to inspect any aircraft or ship used by the Contractor or a Subcontractor carrying out any survey or other operations in the Contract Area and shall have the right to put on board such aircraft or ship, Government officers in such number as may reasonably be necessary to ensure compliance by the Contractor or the Subcontractor with the security requirements of India.

## **ARTICLE 26**

### **TITLE TO PETROLEUM, DATA AND ASSETS**

- 26.1 The Government is the sole owner of Petroleum underlying the Contract Area and shall remain the sole owner of Petroleum produced pursuant to the provisions of this Contract except as regards that part of Crude Oil, Condensate or Gas, the title whereof has passed to the Contractor or any other person in accordance with the provisions of this Contract.
- 26.2 Title to Petroleum to which the Contractor is entitled under this Contract, and title to Petroleum sold by the Contractor/ Members thereof (as applicable) shall pass to the relevant buyer party at the Delivery Point.

- 26.3 Title to all Data specified in Article 25 shall be vested in the Government and the Contractor shall have the right to use thereof as therein provided.
- 26.4 Assets purchased by the Contractor for use in Petroleum Operations shall be owned by the Parties comprising the Contractor in proportion to their Participating Interest.
- 26.5 The Contractor shall be responsible for proper maintenance, insurance and safety of all assets acquired for Petroleum Operations and for keeping them in good repair, order and working condition at all times.
- 26.6 So long as this Contract remains in force, the Contractor shall, free of any charge for the purpose of carrying out Petroleum Operations hereunder, have the exclusive use of assets.

**ARTICLE 27**  
**ASSIGNMENT OF PARTICIPATING INTEREST**

- 27.1 Subject to the terms of this Article and other terms of this Contract, any Member comprising the Contractor may assign, or transfer, a part or all of its Participating Interest, with the prior written consent of the Government, which consent shall not be unreasonably withheld, provided that the Government is satisfied that:
- (a) the prospective assignee or transferee is of good standing, has the capacity and ability to meet its obligations hereunder, and is willing to provide an unconditional undertaking to the Government to assume its Participating Interest share of obligations and to provide guarantees in respect thereof as provided in the Contract;
  - (b) the prospective assignee or transferee is not a company incorporated in a country with which the Government, for policy reasons, has restricted trade or business;
  - (c) the prospective assignor or transferor and assignee or transferee respectively are willing to comply with any reasonable conditions of the Government as may be necessary in the circumstances with a view to ensuring performance under the Contract;
  - (d) the assignment or transfer will not adversely affect the performance or obligations under this Contract or be contrary to the interests of India; and
  - (e) the prospective assignor or transferor of small size onland block having Contract Area less than 200Sq. Km has completed the Minimum Work Programme committed under Exploration Period (Phase I) as specified in Article 5.
- 27.2 Subject to Article 27.7, nothing in this Article 27 shall prevent a Party comprising the Contractor from assigning or transferring a part or all of its Participating Interest to an Affiliate, with the approval of the Government, *provided that*:

- (a) the assignee provides an irrevocable, unconditional bank guarantee from a reputed bank of good standing in India, acceptable to the Government, in favour of the Government, for the amount specified in Article 28.3, in a form provided at Appendix H.
- (b) the assignee provides a parent financial and performance guarantee issued by the guarantor which furnished the guarantee pursuant to Article 28 in respect of the assignor Party's obligations under this Contract in favour of the Government, of the performance of such Affiliate assignee of its obligations under this Contract;
- (c) the prospective Affiliate is not a company incorporated in a country with which the Government, for policy reason, has restricted trade or business;
- (d) the assignment will not adversely affect the performance or obligations under this Contract or be contrary to the interest of India.
- (e) the prospective assignor or transferor of small size onland block having Contract Area less than 200Sq. Km has completed the Minimum Work Programme committed under Exploration Period (Phase I) as specified in Article 5.

27.3 In case of any change in the status of a Company or its shareholding resulting in a change in:

- (a) the control of the Company; or
- (b) its relationship with the company(ies) providing the guarantee under Article 28.1(a), 28.1 (b)and 28.2;

the Company shall seek prior written consent of the Government for assigning the Participating Interest under the changed circumstances and the provisions of this Article 27 shall apply, mutatis mutandis, to be obtaining of such consent. For the purpose of this Article 27.2, control has the same meaning as in Article 1.2.3.

27.4 An application for consent to assign or transfer shall be accompanied by all relevant information concerning the proposed assignment or transfer including detailed information on the proposed assignee or transferee and its shareholding and corporate structure, as was earlier required from the Companies constituting the Contractor, the terms of the proposed assignment or transfer and the unconditional undertaking referred to in Article.

27.5 The applicant shall also submit such information relating to the prospective assignee or transferee of the assignment or transfer as the Government may reasonably require to enable proper consideration and disposal of the application.

27.6 No assignment or transfer shall be effective until the approval of the Government is received or deemed to have been received. Approval may be given by the Government on such terms and conditions as it may deem fit. *Provided that*, such terms and conditions may not increase the obligations of the Members comprising the Contractor. Upon assignment or transfer of its interest in this Contract, the assignor or transferor shall be released and discharged from its obligations hereunder only to the extent that such obligations are assumed by the assignee or transferee with the approval of the Government.

- 27.7 In the event that the Government does not give its prior written consent or does not respond to a request for assignment or transfer by a Member comprising the Contractor within one hundred and twenty (120) days of such request and receipt of all information referred to in Article 27.3 above, consent shall be deemed to have been given by the Government.
- 27.8 An assignment or transfer shall not be made where the Participating Interest to be retained by the proposed assignor or the percentage interest of assignee shall be less than ten per cent (10%) of the total Participating Interest of all the constituents of the Contractor, except where the Government, on the recommendations of the Management Committee may, in special circumstances, so permit.
- 27.9 Nothing contained in this Article 27, shall prevent a Member comprising the Contractor from mortgaging, pledging, charging or otherwise encumbering at its own risk and cost all or part of its Participating Interest for the purposes of security relating to finance to the extent required for performing its obligation under the Contract, provided that:
- (i) such Member shall remain solely liable for all its obligations relating to its Participating Interest to the exclusion of the other participants thereto;
  - (ii) the encumbrance shall be expressly subordinated to the rights of the other Parties under this Contract. The obligations occurring from the said encumbrance shall be the sole responsibility of the original Party and shall in no manner compromise the rights of other Parties to the Contract;
  - (iii) such Party has given reasonable notice of such encumbrance and furnishes to all other Parties (including, for the avoidance of doubt, the Government) a certified copy of the executed instrument(s) evidencing the encumbrances;
  - (iv) keeping in view the national interest of India, prior consent of the Government shall be required (which consent shall not be unreasonably withheld) of the list of potential lenders with whom such Party can consider hypothecation;
  - (v) the Party creating the charge shall ensure that such charge shall not in any way affect the interest of other Parties or result in interference with joint operations. In the event of any claims or liabilities imposed on other Parties because of the creation of such charges, the Party having created charge on its Participating Interest shall indemnify the other Parties; and
  - (vi) in case of foreclosure or default by a borrowing Party, the mortgagee shall not be deemed to have acquired a right to carry on either by itself or through an agent, the Petroleum Operation, without the prior written consent of the Government of India.
- 27.10.1 The Parties acknowledge that to obtain financing a Party (“Borrower”) will be required to secure for a permitted chargee the right to receive a copy of any notice served on the Borrower and the Parties agree that they shall serve a copy of any such notice on any such permitted chargee in accordance with the provisions of Article 36 at the same time as such notice is served on the Borrower. For the purposes of Article 36 the address for service of



notices of the permitted chargee shall be that specified in the instrument or instruments referred to in Article 27.8(iii).

27.10.2 In case lender elects to participate directly or through a company other than the Borrower under the financing arrangement referred to above, the same shall be subject to the rights of Government as contained in Article 27.1 of Contract and the pre-emptive rights of the Parties as may be contained in Operating Agreement. Any Party which wishes to exercise the said pre-emptive rights will explicitly assume the obligation on the same terms and conditions as the Borrower.

## **ARTICLE 28** **GUARANTEES**

28.1 Each of the Companies constituting the Contractor shall procure and deliver to the Government within thirty (30) days from the Effective Date of this Contract:

- (a) an irrevocable, unconditional bank guarantee from a reputed bank of good standing in India, acceptable to the Government, in favour of the Government, for the amount specified in Article 28.3 and valid for four (4) years, in a form provided at Appendix H;
- (b) financial and performance guarantee in favour of the Government from a Parent Company acceptable to the Government, in the form and substance set out in Appendix F, or, where there is no such Parent Company, the financial and performance guarantee from the Company itself in the form and substance set out in Appendix G.
- (c) a legal opinion from its legal advisors, in a form satisfactory to the Government, to the effect that the aforesaid guarantees have been duly signed and delivered on behalf of the guarantors with due authority and is legally valid and enforceable and binding upon them;

28.2 If the Contractor elects to retain the entire Contract Area during the Exploration Period (Phase-II) by committing to complete the Work Programme for Exploration Period (Phase-II) as provided in Articles 5.3 and 5.4, each of the Companies constituting the Contractor shall procure and deliver to the Government before the expiry of the Exploration Period (Phase-I) an irrevocable, unconditional bank guarantee from a reputed bank of good standing in India, acceptable to the Government, in favour of the Government, for the amount specified in Article 28.3 and valid for the Exploration Period (Phase-II) opted by the Contractor, in a form provided at Appendix H.

28.3 (a) The amount of the guarantee referred to in Articles 28.1 (a) and 28.2 above shall be an amount equal to seven and one half percent (7 ½ %) of the Company's Participating Interest share of the total estimated expenditure in respect of Minimum Work Programme including Mandatory Work Programme or Work Programme as the case may be, to be undertaken by the Contractor in the Contract Area during the Exploration Period (Phase-I) or Exploration Period (Phase-II).

- (b) after the completion and due performance of the Minimum Work Programme including Mandatory Work Programme or committed Work Programme during Exploration Period (Phase-I) or the Exploration Period (Phase- II), as the case may be, the guarantee will be released in favour of the Company on presentation to the bank of a certificate from the Government that the obligation of the Contractor has been fulfilled and the guarantee may be released. Such certificate shall be provided within thirty (30) days from the completion of the said Work Programme and fulfilment of obligations under the Contract to the satisfaction of the Government.
- 28.4 If the Contractor elects to proceed to the Exploration Period (Phase-II), a Bank guarantee for the additional committed Work Programme shall be delivered by the Contractor as provided in Article 28.2.
- 28.5 If any of the documents referred to in Article 28.1 are not delivered within the period specified herein, this Contract may be terminated by the Government upon ninety (90) days written notice of its intention to do so.
- 28.6 Subject to Article 28.7, notwithstanding any change in the composition or shareholding of the parent company furnishing a performance guarantee as provided herein, it shall, not under any circumstances, be absolved of its obligations contained in the guarantees provided pursuant to Article 28.1(b).
- 28.7 If:
- (a) a Party (“Assignor”) assigns all or a part of its Participating Interest to a third party (“Assignee”) in accordance with Article 27;
  - (b) the Assignee provides an irrevocable, unconditional bank guarantee from a reputed bank of good standing in India, acceptable to the Government, in favour of the Government, for an amount equal to the assignee’s Participating Interest share of the estimated expenditure of the Minimum Work Programme of the Exploration Period (Phase-I) or the additional committed Work Programme, during Exploration Period (Phase-II) if opted and current at the Effective Date of the assignment;
  - (c) the Assignee provides performance guarantee and legal opinion in terms of this Article;
  - (d) the addendum to the Contract giving effect to the assignment of Participating Interest is executed by all Parties;
- then the Government shall release the guarantee given by the assignor under Article 28.1 (a) to the extent of the amount of the guarantee provided by the assignee and where relevant the guarantee under Article 28.1 (b).

## **ARTICLE 29**

### **TERM AND TERMINATION OF THE CONTRACT**

- 29.1 The duration of this Contract shall commence from the date of execution of this Contract and shall continue for the period of the License and any Lease granted thereunder, unless the Contract is terminated earlier in accordance with its terms, and shall be deemed to have been terminated, if for any reason, the Contractor ceases to hold such License or Lease.
- 29.2 Subject to the provision of Articles 5, 14 and 29.6 and without prejudice to the provisions of Article 29.7 or any other provisions of this Contract, the Contractor shall have the right to terminate this Contract:
- (a) with respect to any part of the Contract Area other than a Development Area then producing, or that prior thereto had produced Petroleum, upon giving ninety (90) days written notice of its intention to do so; and
  - (b) with respect to any Development Area in which Petroleum is being produced, or that prior thereto had produced Petroleum, or from where the production becomes uneconomical to produce, upon giving at least one hundred and eighty (180) days written notice of its intention to do so.
- 29.3 Any event of default that is not a Major Default (as defined under Article 29.4 below) shall be a default entitling the Government to impose fines and costs in respect thereof (“**Minor Default**”). The Contractor shall pay the fines and costs in relation to a Minor Default within a period of thirty (30) days from the determination and notice received by the Government failing which the Government shall be entitled to encash the bank guarantees (whether in part or in full). The Contractor shall reinstate the bank guarantees so encashed to their original values within a period of thirty (30) days from the date of such encashment or as otherwise specified by the Government. The Government may also require the Contractor to submit additional bank guarantees or bank guarantee(s) of higher amount than as were originally submitted upon occurrence of each such default. The quantum of fines and costs to be imposed under this Article 29.3, shall be determined as follows: (a) in respect of events that have specific fines or costs identified in respect thereof in other provisions of this Contract, only such identified fines or costs shall be imposed; (b) in respect of other events, the Management Committee shall review the impact of the default and, after giving an opportunity to the Contractor to make its submissions to the Government in this regard, determine the quantum of fine and costs with supporting reasoning and it shall be for the Government to notify and impose the fines and costs in respect of the relevant Minor Default on the Contractor.
- 29.4 This Contract may, subject to Article 30, be terminated by the Government upon occurrence of a Major Default in accordance with the following provisions: (i) the Government shall issue a notice of Major Default to the Contractor requiring the Contractor to cure the relevant default within a period of sixty (60) days from the date of issuance of notice (“**Cure Period**”); (ii) in the event the Contractor requires a longer Cure Period, the Contractor shall be required to submit the specific action items and the timelines within which the Contractor will cure the notified Major Default. The Government may upon review of such information submitted by the Contractor allow for a longer Cure Period. If at the end of the Cure Period

(including any extensions thereto) the Major Default has not been cured, the Government may issue a termination notice whereby the Contract shall stand terminated at the end of thirty (30) days, unless the Major Default is cured within the said thirty (30) day period.

For the purpose of this Article “**Major Default**” shall mean any one or more of the following events, where the Contractor or a Member comprising the Contractor (“**Defaulting Party**”):

- (a) has knowingly submitted any false statement to the Government in any manner which was a material consideration in the execution of this Contract; or
- (b) has intentionally and knowingly extracted or authorised the extraction of hydrocarbon not authorized to be extracted by the Contract or without the authority of the Government except such extractions as may be unavoidable as a result of operations conducted hereunder in accordance with generally accepted Modern Oil Field and Petroleum Industry Practices which, when so extracted, were immediately notified to the Government or
- (c) is adjudged bankrupt by a competent court or enters into or scheme of composition with its creditors or takes advantage of any law for the benefit of debtors; or
- (d) has passed a resolution to apply to a competent court for liquidation of the Company unless the liquidation is for the purpose of amalgamation or reconstruction of which the Government has been given notice and the Government is satisfied that the Company’s performance under this Contract would not be adversely affected thereby and has given its approval thereto; or
- (e) has assigned any interest in the Contract without the prior written consent of the Government as provided in Article 27; or
- (f) has failed to comply with any final determination or award made by a sole expert or arbitrators subject to Article 32; or
- (g) has failed to carry out or observe any of the terms and conditions of the License or Lease or the provisions of the Acts or Rules in force thereunder, subject however, to Article 30; or
- (h) on notice of termination as provided in Article 28.5; or
- (i) has failed to submit the FDP in accordance with the terms of this Contract.

**PROVIDED THAT**

where the Contractor comprises two or more Members, the Government shall not exercise its rights of termination pursuant to Article 29.4, on the occurrence, in relation to one or more, but not all, of the Members comprising the Contractor, of an event entitling the Government to terminate the Contract,

- (A) if any other Member(s) constituting the Contractor (the “Non-Defaulting Members”) satisfies the Government that it, or they, is/are willing and would be able to carry out the obligations of the Contractor.
- (B) where the Non Defaulting Member with the consent of the Government, has/have acquired the Participating Interest of the defaulting Member and has/have procured and delivered to the Government a guarantee or guarantees as referred to in Article 28.1 in

respect of the Participating Interest of the defaulting Member acquired by the Non Defaulting Member.

- 29.5 This Contract may also be terminated by the Government on giving the requisite notice specified above if the events specified in Article 29.4 (c) and (d) occur with respect to a company which has given a performance guarantee pursuant to Article 28 subject however to Article 29.6.
- 29.6 If the Major Default or the circumstances of Article 29.4 are remedied (whether by the defaulting Member or by Non-Defaulting Member or any third Party on its behalf) within the ninety (90) day period, or such extended period as may be granted by the Government, following the notice of the Government's intention to terminate the Contract as aforesaid, such termination shall not become effective.
- 29.7 On termination of this Contract, for any reason whatsoever, the rights and obligations of the Contractor shall cease but such termination shall not affect any rights of any Party which may have accrued or any obligations undertaken or incurred by the Contractor/ Members thereof (as the case may be) and not discharged prior to the date of termination.
- 29.8 This Contract may be terminated by the Government, pursuant to the recommendation of the Management Committee, if under Article 4 , the entire Contract Area is relinquished, at any time during the period of this Contract.
- 29.9 In the event of termination pursuant to Articles 29.2, 29.3, 29.4 or 29.5:
- (a) the Government may require the Contractor, for a period not exceeding one eighty (180) days from the date of termination, to continue, for the account and at the cost of the Government, Crude Oil or Natural Gas production activities until the right to continue such production has been transferred to another entity;
  - (b) If the Contractor or any Member thereof (as applicable) is a Foreign Company, it shall have to remove and export all its property subject to Article 26 and the provisions hereof provided that in the event that ownership of any property is in doubt, or disputed, such property shall not be exported unless and until the doubt or dispute has been settled in favour of the Foreign Company.
- 29.10 Within ninety (90) days after the termination of this Contract, pursuant to Article 29.2, 29.3, 29.4, or 29.5 or such longer period as the Government may agree, the Contractor shall comply with Article 4.3 and Article 25.8 and any reasonably necessary action as directed by the Government to avoid Environmental Damage or hazards to human life or to the property of others.

**ARTICLE 30**  
**FORCE MAJEURE**

- 30.1 Any non-performance or delay in performance by any Party hereto of any of its obligations under this Contract, or in fulfilling any condition of any License or Lease granted to such Party, or in meeting any requirement of the Act, the Rules or any License or Lease, shall, except for the payment of monies due under this Contract or under the Act and the Rules or any law, be excused if, and to the extent that, such non-performance or delay in performance under this Contract is caused by Force Majeure as defined in this Article.
- 30.2 For the purpose of this Contract, the term Force Majeure means any cause or event, other than the unavailability of funds, whether similar to or different from those enumerated herein, lying beyond the reasonable control of, and unanticipated or unforeseeable by, and not brought about at the instance of, the Party claiming to be affected by such event, or which, if anticipated or foreseeable, could not be avoided or provided for, and which has caused the non-performance or delay in performance. Without limitation to the generality of the foregoing, the term Force Majeure shall include natural phenomena or calamities, earthquakes, typhoons, fires, wars declared or undeclared, hostilities, invasions, blockades, riots, strikes, insurrection and civil disturbances but shall not include the unavailability of funds.
- 30.3 Where a Party is claiming suspension of its obligations on account of Force Majeure, it shall promptly, but in no case later than thirty (30) days after the occurrence of the event of Force Majeure, notify the Management Committee in writing giving full particulars of the Force Majeure, the estimated duration thereof, the obligations affected and the reasons for its suspension.
- 30.4 A Party claiming Force Majeure shall exercise reasonable diligence to seek to overcome the Force Majeure event and to mitigate the effects thereof on the performance of its obligations under this Contract. The Party affected shall promptly notify the Management Committee as soon as the Force Majeure event has been removed and no longer prevents it from complying with the obligations which have been suspended and shall thereafter resume compliance with such obligations as soon as possible.
- 30.5 The Party asserting the claim of Force Majeure shall provide: (i) the details of the Force Majeure event; (ii) the measures being taken by the Party to mitigate the management of the Force Majeure event (if any means are possible); (iii) estimate off the time period for which the effect of the Force Majeure is expected to prevail.
- 30.6 Where a Party is prevented from exercising any rights or performing any obligations under this Contract due to Force Majeure, the time for the performance of the obligations affected thereby and for performance of any obligation or the exercise of any right dependent thereon, and the term of any Exploration Phase of the Exploration Period or this Contract, may be

extended to the extent of Force Majeure period or by such period as may be approved by the Government (acting through DGH) based on the recommendation of the Management Committee.

- 30.7 Notwithstanding anything contained herein above, if an event of Force Majeure occurs and is likely to continue for a period in excess of thirty (30) days, the Parties shall meet to discuss the consequences of the Force Majeure and the course of action to be taken to mitigate the effects thereof or to be adopted in the circumstances.

### **ARTICLE 31**

#### **APPLICABLE LAW AND LANGUAGE OF THE CONTRACT**

- 31.1 This Contract shall be governed and interpreted in accordance with the laws of India.
- 31.2 Nothing in this Contract shall entitle the Contractor to exercise the rights, privileges and powers conferred upon it by this Contract in a manner, which will contravene the laws of India.
- 31.3 The English language shall be the language of this Contract and shall be used in arbitral proceedings. All communications, hearing or visual materials or documents relating to this Contract shall be written or prepared in English.
- 31.4 The laws will also include amendments, revisions, modifications, etc.

### **ARTICLE 32**

#### **SOLE EXPERT, CONCILIATION AND ARBITRATION**

- 32.1 The Parties shall use their best efforts to settle amicably all disputes, differences or claims arising out of or in connection with any of the terms and conditions of this Contract or performance thereof.
- 32.2 Matters which, by the terms of this Contract, the Parties have agreed to refer to a sole expert and any other matter which the Parties may agree to so refer, may be referred to a sole expert who shall be an independent and impartial person of international standing with relevant qualifications and experience, appointed by a written agreement between the Parties and who shall not, by virtue of nationality, personal connection or commercial interest, have a conflict between his/her own interest and his/her duty as a sole expert. In the event that the Parties fail or are unable to agree on a sole expert within thirty (30) days or such longer period as may be mutually agreed by Parties, the sole expert shall be appointed by a body or an institution or an agency or a person, mutually agreed by Parties. In case, there is no agreement on the body or an institution or an agency or a person for appointing sole expert or such institution or agency

or body fails to appoint a sole expert within thirty (30) days or such longer period as may be mutually agreed by Parties, the matter shall be referred to arbitration. Any sole expert appointed shall be acting as an expert and not as an arbitrator and the decision of the sole expert on matters referred to him/her shall be final and binding on the Parties and shall not be subject to arbitration.

- 32.3 Subject to the provisions of this Contract, the Parties hereby agree that any controversy, difference, disagreement or claim for damages, compensation or otherwise (hereinafter in this Article referred to as a “dispute”) arising between the Parties, which cannot be settled amicably within ninety (90) days after the dispute arises, may (except for those referred to in Article 32.2, which may be referred to a sole expert) be submitted to conciliation or an arbitral tribunal for final decision as hereinafter provided.
- 32.4 The arbitral tribunal shall consist of three arbitrators. Each Party to the dispute shall appoint one arbitrator and the Party or Parties shall so advise the other Parties. The two arbitrators appointed by the Parties shall appoint the third arbitrator.
- 32.5 Any Party may, after appointing an arbitrator, request the other Party(ies) in writing to appoint the second arbitrator. If such other Party fails to appoint an arbitrator within thirty (30) days of receipt of the written request to do so, such arbitrator may, at the request of the first Party, be appointed in accordance with Arbitration and Conciliation Act, 1996.
- 32.6 If the two arbitrators appointed by or on behalf of the Parties fail to agree on the appointment of the third arbitrator within thirty (30) days of the appointment of the second arbitrator and if the Parties do not otherwise agree, at the request of either Party, the third arbitrator shall be appointed in accordance with Arbitration and Conciliation Act, 1996.
- 32.7 If any of the arbitrators fails or is unable to act, his successor shall be appointed by the Party or person who originally appointed such in the manner set out in this Article as if he was the first appointment.
- 32.8 The decision of the arbitral tribunal shall be pronounced within four (4) months unless otherwise extended by the Parties, and, in case of difference among the arbitrators the decision of the majority shall be final and binding on the Parties.
- 32.9 The arbitration agreement contained in this Article 32 shall be governed by the Arbitration and Conciliation Act, 1996. Arbitration proceedings shall be conducted in accordance with the rules for arbitration provided in Arbitration Act.
- 32.10 The right to arbitrate disputes under this Contract shall survive expiry or the termination of this Contract.



- 32.11 Prior to submitting a dispute to arbitration, the Parties may by mutual agreement submit the matter for conciliation in accordance with Part III of the Arbitration and Conciliation Act, 1996. No arbitration proceedings shall be instituted while conciliation proceedings are pending provided that a Party may initiate arbitration proceedings in the event that dispute has not been resolved by conciliation within sixty(60) days of the date of agreement by the Parties to submit such dispute to conciliation.
- 32.12 The venue of the sole expert, conciliation or arbitration proceedings pursuant to this Article, unless the Parties agree otherwise, shall be New Delhi, India and shall be conducted in the English language. Insofar as practicable, the Parties shall continue to implement the terms of this Contract notwithstanding the initiation of proceedings before a sole expert, conciliator or arbitral tribunal and any pending claim or dispute.
- 32.13 The fees and expenses of a sole expert or conciliator appointed by the Parties shall be borne equally by the Parties. The cost and expenses of arbitrator appointed by a Party in accordance with the provision of this Article shall be borne by the respective Party and the cost and expenses of third arbitrator and other incidental expenditure in relation to arbitration and liability thereof shall be at the discretion of the arbitrators.
- 32.14 Notwithstanding anything contrary contained herein above, in the event of dispute among Government Company (ies) and with the Government, such disputes shall be settled in accordance with guidelines issued on the subject by Government from time to time.

**ARTICLE 33**  
**CHANGE OF STATUS OF COMPANIES**

- 33.1 Subject to the terms of this Article and other terms of the Contract, any Member comprising the Contractor may enter into transaction which may result in change in the management or control of a Company(ies) or the relationship with any guarantor of the Company(ies) with the prior written consent of the Government and compliance of Article 27.2 provided that the Government is satisfied regarding:
- (a). Technical and Financial strength of the new Company;
  - (b). Details of shareholders agreement;
  - (c). Composition of Board of Directors consequent upon such transaction;

**ARTICLE 34**  
**ENTIRE AGREEMENT, AMENDMENTS, WAIVER AND**  
**MISCELLANEOUS**

- 34.1 This Contract supersedes and replaces any previous agreement or understanding between the Parties, whether oral or written, on the subject matter hereof, prior to the execution date of this Contract.
- 34.2 This Contract shall not be amended, modified, varied or supplemented in any respect except by an instrument in writing signed by all the Parties, which shall state the date upon which the amendment or modification shall become effective.
- 34.3 No waiver by any Party of any one or more obligations or defaults by any other Party in the performance of this Contract shall operate or be construed as a waiver of any other obligations or defaults whether of a like or of a different character.
- 34.4 The provisions of this Contract shall inure to the benefit of and be binding upon the Parties and their permitted assigns and successors in interest.
- 34.5 In the event of any conflict between any provisions in the main body of this Contract and any provision in the Appendices, the provision in the main body shall prevail.
- 34.6 The headings of this Contract are for convenience of reference only and shall not be taken into account in interpreting the terms of this Contract.
- 34.7 Reference to any law or regulation having the force of law includes a reference to that law or regulation as from time to time may be amended, extended or re-enacted.
- 34.8 A reference in this Contract to the word “including” shall also mean “including but not limited to”.

**ARTICLE 35**  
**CERTIFICATES**

- 35.1 A Company shall furnish, prior to execution of this Contract, a duly authorised copy of a resolution properly and legally passed by the Board of Directors of the Company authorising its President or any Vice-President or any other representative to execute this Contract along with a certificate duly signed by the Secretary or an Assistant Secretary of the Company under its seal in this regard and to the effect that the Company has the power and authority to enter into this Contract and to perform its obligations thereunder and has taken all necessary action to authorise the execution, delivery and performance of the Contract.

**ARTICLE 36**  
**NOTICES**

36.1 All notices, statements, and other communications to be given, submitted or made hereunder by any Party to another shall be sufficiently given if given in writing in English language and sent by registered post, postage paid, or by facsimile, or email to the address or addresses of the other Party or Parties as follows:

(a) If to the Government:

Secretary to the Government  
of India Ministry of  
Petroleum and Natural Gas  
Shastri Bhavan

Dr. Rajendra Prasad Marg,  
New Delhi- 110001, INDIA  
Facsimile No.: 91 11  
23383585  
Telephone No.:  
Email:

(b) XYZ Company.

Facsimile  
No.:  
Telephone  
No.:  
Email:

36.2 Notices when given in terms of Article 36.1 shall be effective when delivered if offered at the address of the other Parties as under Article 36.1 during business hours on working days and, if received outside business hours, on the next following working day.

36.3 Any Party may, by reasonable notice as provided hereunder to the other Parties, change its address and other particulars for notice purpose.

IN WITNESS WHEREOF, the representatives of the Parties to this Contract being duly authorised have hereunto set their hands and have executed these presents this day of .

Signed for and  
on behalf of

the President  
of India

By: \_\_\_\_\_

In presence of \_\_\_\_\_

Signed for and on  
behalf of XYZ  
Company

By: \_\_\_\_\_

In presence of \_\_\_\_\_

Signed for and on  
behalf of XYZ  
Company

By: \_\_\_\_\_

In presence of \_\_\_\_\_

**APPENDIX A**  
**DESCRIPTION OF THE CONTRACT AREA**

The area comprising approximately \_\_\_\_ Sq.Km. onshore/offshore India identified as block described herein and shown on the map attached as Appendix B ("Map of the Contract Area"). Longitude and latitude measurements commence at points A, B, C and D are given below:

**APPENDIX B**

**MAP OF THE CONTRACT AREA**

**APPENDIX C**

**ACCOUNTING PROCEDURE TO**

**THE CONTRACT**

**BETWEEN**

**THE GOVERNMENT OF INDIA**

**AND**

**XYZ**

**WITH RESPECT TO CONTRACT AREA**

**IDENTIFIED AS**

**BLOCK:** \_\_\_\_\_

## **TABLE OF CONTENTS**

### **Sections Content**

<b>Section 1:</b>	<b>General Provisions</b>
<b>Section 2:</b>	<b>Classification, Definition and Allocation of Income</b>
<b>Section 3:</b>	<b>Records and Inventories of Assets</b>
<b>Section 4:</b>	<b>Production Statement</b>
<b>Section 5:</b>	<b>Value of Production and Pricing Statement</b>
<b>Section 6:</b>	<b>Statement of Income</b>
<b>Section 7:</b>	<b>End of Year Statement</b>
<b>Section 8:</b>	<b>Local Procurement Statement</b>

## ACCOUNTINGPROCEDURE

### SECTIO

#### N-1

### GENERALPROVISIONS

#### 1.1 Purpose

This Accounting Procedure is intended to apply to the provisions of the Contract and is without prejudice to the computation of income tax under applicable provisions of the Income- tax Act, 1961, as amended from time to time.

Generally, the purpose of this Accounting Procedure is to set out principles and procedures of accounting which will enable the Government of India to:

- (a) specify the manner in which the Contractor's accounts shall be prepared and audited for the purpose of Revenue Sharing; and
- (b) address numerous other accounting related matters.

#### 1.2 Definitions

For purposes of this Accounting Procedure, the terms used herein which are defined in the Contract shall have the same meaning when used in this Accounting Procedure.

#### 1.3 Inconsistency

In the event of any inconsistency or conflict between the provisions of this Accounting Procedure and the other provisions of the Contract, the other provisions of the Contract shall prevail.

#### 1.4. Documentation and Statements to be submitted by the Contractor

- 1.4.1 Within ninety (90) days of the Effective Date of the Contract, the Contractor shall submit to and discuss with the Government a proposed outline of operating records and reports for revenues, which shall be in accordance with generally accepted accounting standards and recognized accounting systems, and consistent with normal petroleum industry practice and procedures for joint venture operations.

Within ninety (90) days of receiving the above submission, the Government shall either provide written notification of its approval of the proposal or request, in writing, or revisions to the proposal.

Within one hundred and eighty (180) days from the Effective Date of the Contract, the Contractor and the Government shall agree on records and reports which shall also describe the basis of the accounting system and procedures to be developed and used under this Contract.



Following such agreement, the Contractor shall expeditiously prepare and provide the Government with formal copies of the comprehensive records and reports and allow the Government to examine the manuals, and to review procedures which are, and shall be, observed under the Contract.

1.4.2 The Contractor shall prepare and maintain memorandum joint venture accounts which shall be adapted from Schedule III of the Companies Act, 2013 to indicate the value of petroleum produced and sold, revenue etc.

1.4.3 Notwithstanding the generality of the foregoing the Contractor shall make regular Statements relating to the Petroleum Operations as follows:

- (i) Production Statement (see Section 4 of this Accounting Procedure);
- (ii) Value of Production and Pricing Statement (see Section 5 of this Accounting Procedure);
- (iii) Statement of Income (see Section 6 of this Accounting Procedure);
- (iv) End of Year Statement (see Section 7 of this Accounting Procedure); and
- (v) Local Procurement Statement (see Section 8 of this Accounting Procedure).

1.4.4 All reports and Statements shall be prepared in accordance with the Contract and the laws of India and, where there are no relevant provisions in either of these, in accordance with generally accepted accounting practices in the international petroleum industry.

1.4.5 Each of the entities constituting the Contractor shall be responsible for maintaining its own accounting records in order to comply with all legal requirements and to support all returns or any other accounting reports required by any Government authority in relation to the Petroleum Operations. However, for the purposes of giving effect to this Accounting Procedure, the Party constituting the Contractor who is the Operator shall be responsible for maintaining, at its business office in India, on behalf of the Contractor, all the accounts of the Petroleum Operations in accordance with the provisions of the Accounting Procedure and the Contract.

## 1.5 Language and Units of Account

All accounts, records, books, reports and Statements shall be maintained and prepared in the English language using mercantile basis of accounting. The accounts shall be maintained in United States Dollars, which shall be the controlling currency of account for Revenue Sharing purposes. Metric units and Barrels shall be employed for measurements required under the Contract. Where necessary for clarification, the Contractor may also maintain accounts and records in other languages, currencies and units.

## 1.6 Payments

- 1.6.1 Subject to the foreign exchange laws and regulations prevailing from time to time, all payments between the Parties shall, unless otherwise agreed, be in United States Dollars and shall be made through a bank designated by each receiving Party.
- 1.6.2 Unless otherwise specified, all sums due under the Contract shall be paid within forty five (45) days from the date on which the obligation to pay was incurred.
- 1.6.3 All sums due by one Party to the other under the Contract during any Month shall, for each day such sums are overdue during such Month, bear interest compounded daily at the applicable LIBOR plus two (2) percentage points.

## 1.7 Audit and Inspection Rights of the Government

- 1.7.1 Without prejudice to statutory rights, the Government, upon at least twenty (20) Business Days advance written notice to the Contractor, shall have the right to inspect and audit, during normal business hours, all records and documents supporting income, such as the Contractor's accounts, books, records, invoices, price lists or similar documentation with respect to the Petroleum Operations conducted hereunder in each Year, within three (3) Years (or such longer period as may be required in exceptional circumstances) from the end of such Year.

### 1.7.2

The Government may undertake the conduct of the audit either through its own representatives or through a firm of chartered accountants, registered in India or a reputed consulting firm, appointed for the purpose by the Government and the costs of audit in case of Government auditor(s) shall be borne by the Government, whereas for outside auditor(s), this shall be borne by the Contractor.

### 1.7.3

In conducting the audit, the Government or its auditor(s) shall be entitled to examine and verify, at reasonable times, all credits relating to the Contractor's activities under the Contract and all books of account, accounting entries, invoices and any other documents, correspondence and records considered necessary by the Government to audit and verify the credits. The auditor(s) shall also have the right, in connection with such audit, to visit and inspect, at reasonable times, all sites, plants, facilities, warehouses and offices of the Contractor directly or indirectly serving the Petroleum Operations, and to physically examine other property, facilities and stocks used in Petroleum Operations, wherever located and to question personnel associated with those operations.

- 1.7.4 Any audit exceptions shall be made by the Government in writing and notified to the Contractor within one hundred and twenty (120) days following completion of the audit in question.
- 1.7.5 The Contractor shall answer any notice of exception under Section 1.7.4 within one hundred and twenty (120) days of the receipt of such notice. Where the Contractor has, after the said one hundred and twenty (120) days, failed to answer a notice of exception, the exception shall prevail and be deemed to have been agreed to by the Contractor.
- 1.7.6 All agreed adjustments resulting from an audit and all adjustments required by prevailing exceptions under Section 1.7.5 shall be promptly made in the Contractor's accounts and any consequential adjustments to the Government's entitlement to Revenue Shares shall be made within thirty (30) days therefrom along with interest due for late payment under Section 1.6.3.
- 1.7.7 Notwithstanding any reference to a Sole Expert or Arbitration in accordance with the provisions of the Contract, in case any amount is claimed as due to the Government resulting from the audit exception but not accepted or settled by the Contractor, then the Contractor shall deposit such claimed amount in an escrow account to be opened with a financial institution, failing mutually agreed agreement with State Bank of India, within thirty (30) days from the date when the amount is disputed by the Contractor. The amount in the escrow account along with any interest accumulated thereon shall be appropriated or adjusted in accordance with the decision or award of the Sole Expert or Arbitral Tribunal as may be or otherwise as mutually agreed to between the Parties.
- 1.7.8 If the Contractor and the Government are unable to reach final agreement on proposed audit adjustments, either Party may refer any dispute thereon to a sole expert as provided for in the Contract. So long as any issues are outstanding with respect to an audit, the Contractor shall maintain the relevant documents and permit inspection thereof until the issue is resolved.
- 1.8 By mutual agreement between the Government and the Contractor, this Accounting Procedure may be revised from time to time, in writing, signed by the Parties, stating the date upon which the amendments shall become effective.
- 1.9 Government may fix or revise the format for reporting the annual accounts and statements required under Section 1.4.2 and 1.4.3.

## **SECTION**

### **N-2**

#### **CLASSIFICATION, DEFINITION AND ALLOCATION OF INCOME**

##### **2.1 Income**

Petroleum produced and saved shall be classified to segregate income from gas, oil and condensate and shall include closing stock. Petroleum produced and saved shall be valued as per Article 20.

## **SECTION-3**

### **RECORDS AND INVENTORIES OF ASSETS**

##### **3.1 Records**

From the date of first production of Petroleum from the Contract Area the Contractor shall submit a monthly Production Statement to the Government showing the following information separately of each producing Field and in aggregate for the Contract Area:

- (a) The quantity of Crude Oil and Condensate produced and saved.
- (b) The quality and characteristics of such Crude Oil and Condensate produced and saved.
- (c) The quantity of Associated Natural Gas and Non Associated Natural Gas produced and saved.
- (d) The quality, characteristics and composition of such Natural Gas produced and saved separately.
- (e) The quantities of Crude Oil, Condensate and Natural Gas used for the purposes of carrying on drilling and production operations and pumping to field storage, as well as quantities re-injected.
- (f) The quantities of Crude Oil, Condensate and Natural Gas unavoidably lost.
- (g) The quantities of Natural Gas flared and vented.
- (h) The size of Petroleum stocks held on the first day of the Month in question.
- (i) The size of Petroleum stocks held on the last day of the Month in question.
- (j) The quantities of Natural Gas reinjected into the Petroleum Reservoir.
- (k) The number of days in the Month during which Petroleum was produced from each Field.
- (l) The Gas-Oil ratio for each Reservoir and Field for the relevant Month.
- (m) Water production, water injection and Reservoir pressure data for each Reservoir and Field.
- (n) The quantities of Crude Oil, Condensate and Natural Gas sold to every buyer

##### **3.2 Inventories**

- 3.2.1 The Contractor shall not less than once every twelve (12) Months with respect to crude oil and gas take an inventory of the assets used for or in connection with Petroleum Operations in terms of the Contract and address and deliver such inventory to the Government, together with a written

statement of  
the principles upon which valuation of the assets mentioned in such inventory has been based.

3.2.2 When an assignment of rights under the Contract takes place, a special inventory shall be taken by the Contractor at the request of the assignee provided that the cost of such inventory is borne by the assignee and paid to the Contractor.

## **SECTION**

### **N-4**

#### **PRODUCTION STATEMENT**

4.1 All quantities shown in this Statement shall be recorded as mentioned in Section 3.1 of this accounting procedure and be expressed in volumetric terms (barrels of Oil and cubic metres of Gas), as well as in the case of Oil in weight (metric tonnes) and in case of Gas in energy terms (MMBTU).

4.2 For the purpose of reporting Field production quantities pursuant to this Section, the Contractor shall agree with the Management Committee on the exact area to be designated as Development Area.

4.3 The Government may direct in writing that the Contractor include other reasonable particulars relating to the production of Petroleum in its monthly Production Statement, and the Contractor shall comply with such direction.

4.4 The Production Statement for each Month shall be submitted to Government not later than fifteen (15) days after the end of such Month.

## **SECTION**

### **N-5**

#### **VALUE OF PRODUCTION AND PRICING STATEMENT**

5.1 The Contractor shall prepare a report providing calculation of the value of Crude Oil and Condensate produced and saved during each Month. This Statement shall contain the following information:

##### 5.1.1

The quantities, and prices of sales of Crude Oil and Condensate to third parties made during the Month in question.

- 5.1.2 The quantities, and prices of sales of Crude Oil and Condensate made during the Month in question, other than to third parties, if any.
- 5.1.3 The quantities of Crude Oil and Condensate appropriated by the Contractor to refining or other processing without otherwise being disposed of in the form of Crude Oil or Condensate.
- 5.1.4 The value of stocks of Crude Oil and Condensate on the first day of the Month in question.
- 5.1.5 The value of stocks of Crude Oil and Condensate on the last day of the Month in question.
- 5.1.6 The percentage volume of total sales of Crude Oil and Condensate made by the Contractor during the Month to third parties.
- 5.1.7 Information available to the Contractor, insofar as required for the purposes of Article 20 of the Contract, concerning the prices of competitive crude oils produced by the main petroleum producing and exporting countries including contract prices, discounts and premia, and prices obtained on the spot markets.
- 5.2 The Contractor shall, for the purpose of Article 20 of the Contract, prepare a Statement providing calculations of the value of Associated Natural Gas and Non Associated Natural Gas produced, flared internally used, saved and sold during each Month. This Statement shall contain all information of the type specified in Section 5.1 for Crude Oil as is applicable to Gas and such other relevant information as may be required by Government.
- 5.3 The Statements required pursuant to Sections 5.1 and 5.2 shall include a detailed breakdown of the calculation of the prices of Crude Oil, Condensate, Associated Natural Gas and Non Associated Natural Gas pursuant to the provisions of Article 20.
- 5.4 The Value of Production and Pricing Statement for each Month shall be submitted to Government not later than thirty (30) days after the end of such Month.

## **SECTION**

### **N-6**

#### **STATEMENT OF INCOME**

- 6.1 The Contractor shall prepare with respect to each Quarter a Statement of Income under the Contract using mercantile basis of accounting. The Statement of Income shall distinguish between income from the sale of Petroleum and incidental income, if any. If the Government

is not satisfied with the degree of information it shall be entitled to request a more detailed breakdown. The Statement shall show the following:

- 6.1.1 The total amount of Petroleum Produced and Saved to be shared between the Government and the Contractor in the Quarter in question.
- 6.1.2 The amount of Petroleum Produced and Saved due to the Government and the Contractor as well as to each constituent of the Contractor in the Quarter in question.
- 6.2 The Income of each Quarter shall be submitted to Government not later than thirty (30) days after the end of such Quarter.
- 6.3 An Annual Statement of Income shall be submitted as part of End of Year Statement under Section 7 of this Accounting Procedure within ninety (90) days after the end of each Year.

## **SECTION**

### **N-7**

#### **END OF YEAR STATEMENT**

- 7.1.1 The Contractor shall prepare a definitive End of Year Statement. The Statement shall contain aggregated information in the same format as required in the Production Statement, Value of Production and Pricing Statement, Statement of income, but shall be based on actual quantities of Petroleum produced and income accrued. Based upon this Statement, any adjustments that are necessary shall be made to the transactions concerned under the Contract.
- 7.1.2 End of Year Statement shall further contain the item wise justification for the variation between the actual income earned and included in the Statement of Income vis-a-vis the income estimates.
- 7.1.3 The Contractor shall prepare and submit memorandum joint venture accounts which may be adapted from Schedule III of the Companies Act, 2013 to indicate the value of Petroleum Produced and Saved, Revenue Share, etc.
- 7.2 The End of Year Statement for each Year shall be duly audited under Article 24.4 and submitted to Government within ninety (90) days of the end of such Year. Such audited statement shall report inter-alia: (a) Conflict of interest prior to conduct of audit assignment; (b) Issues of Internal control, fixed assets and fraud as per CARO 2003; (c) Quantitative details of Oil, Gas and Condensate as per Schedule III of the Companies Act 2013. As part of the audit report, the audit should validate:- (i) Computation and remittance of License fee, Royalty on Oil & Gas and Government share of Revenue (ii) Invoice wise Sales / Revenue schedule and its valuation as per Contract provisions, if applicable.
- 7.3 For the purpose of calculating End of Year Statement, Net Income shall mean:

(a) The "Net Income" of the Contractor from their Petroleum Operations in any particular Year is the aggregate value for the Year of the following:

- (i) Total Value of Petroleum  
**Less**
- (ii) Royalty  
**Less**
- (iii) Government share of revenue  
**Less**
- (iv) All expenditures (operating expenditure, exploration expenditure, development expenditure)

## SECTION-

### **8**

#### **LOCAL PROCUREMENT STATEMENT**

8.1 In furtherance of the obligation in Article 22 of the Contract for the Contractor to give preference to the procurement of Indian goods and services, the Contractor shall prepare in respect of each Year a local procurement statement, containing the following information:

- (a) the amount of expenditure incurred by the Contractor directly, or indirectly through its Subcontractors, on goods supplied, produced or manufactured in India;
- (b) the amount of expenditure incurred by the Contractor directly, or indirectly through its Subcontractors, on services provided by Indian entities;
- (c) the respective percentages that the expenditures recorded under items (a) and (b) above represent of the Contractor's total expenditures;
- (d) a detailed description of the procedures adopted during the Year to identify and purchase goods and services from Indian suppliers; and

8.2 The local procurement statement shall be submitted to the Government within sixty (60) days after the end of each Year.



**APPENDIX-**

**D**

**PRODUCTION PRICE MATRIX**

**CALCULATION OF GOVERNMENT / CONTRACTOR'S PRODUCTION SHARE**

1. The Government's Revenue Share of Crude Oil and/or Natural Gas shall be determined based on a two dimensional production-price matrix, where Government's Revenue Share with the Contractor (s) shall be linked to the average daily production in a month and average oil and gas prices in a month. In the matrix production is linked to sliding scale (incremental) production tranche and price is linked to fixed scale price band. It is clarified that this Annexure D has to be read together with the provisions of Article 15 to determine the total value of the Government's Revenue Share in a particular month.
2. The Government's Revenue Share for a Calendar Month from the Contract Area shall be determined separately for Crude Oil and Natural Gas in accordance with the production - price matrix by reference to the applicable price band and production tranche of the table(s) as detailed hereunder.
3. Production – Price matrix table for Crude Oil and Natural Gas is separate for onland, shallow water, deep water areas, and CBM, as detailed under. The Price Matrix tables provided as 3.1.1, 3.1.2, 3.1.3, 3.1.4, 3.1.5, 3.1.6, and 3.1.7 shall be as bid by the Contractor.

**3.1.1 ONLAND and TYPE S - OIL PRODUCTION-PRICE MATRIX**

**CRUDE OIL PRICE BAND (US\$/BBL)**

<b>DAILY AVERAGE PRODUCTION TRANCHE (BOPD)</b>	<b>BAND-A</b>	<b>BAND-B</b>	<b>BAND-C</b>	<b>BAND-D</b>
	≤ 100	>100to ≤ 125	>125to ≤ 150	>150

**GOVERNMENT SHARE OF PRODUCTION (%)**

<b>TRANCHE- 1</b>	≤ 10000
<b>TRANCHE- 2</b>	> 10000 to ≤ 20000
<b>TRANCHE- 3</b>	> 20000 to ≤ 30000
<b>TRANCHE- 4</b>	> 30000 to ≤ 40000

TRANCHE- > 40000  
5

### 3.1.2 ONLAND and TYPE S – GAS PRODUCTION - PRICE MATRIX

#### NATURAL GAS PRICE BAND (US\$/MMBTU)

DAILY AVERAGE PRODUCTION TRANCHE (MMSCMD)	BAND-A	BAND-B	BAND-C	BAND-D
	≤ 6.00	> 6.00 to ≤ 10.00	>10.00 to ≤ 14.00	>14.00

#### GOVERNMENT SHARE OF PRODUCTION (%)

TRANCHE- ≤ 1.42  
1  
TRANCHE- > 1.42 to ≤ 2.83  
2  
TRANCHE- > 2.83 to ≤ 4.25  
3  
TRANCHE- > 4.25 to ≤ 5.66  
4  
TRANCHE- > 5.66  
5

### 3.1.3 SHALLOW WATER - OIL PRODUCTION-PRICE MATRIX

#### CRUDE OIL PRICE BAND (US\$/BBL)

DAILY AVERAGE PRODUCTION TRANCHE (BOPD)	BAND-A	BAND-B	BAND-C	BAND-D
	≤ 100	>100to ≤ 125	>125to ≤ 150	>150

#### GOVERNMENT SHARE OF PRODUCTION (%)

TRANCHE- ≤ 25000  
1  
TRANCHE- > 25000 to ≤ 50000  
2  
TRANCHE- > 50000 to ≤ 75000  
3  
TRANCHE- > 75000 to ≤ 100000  
4

TRANCHE- > 100000  
5

### 3.1.4 SHALLOW WATER – GAS PRODUCTION - PRICE MATRIX

#### NATURAL GAS PRICE BAND (US\$/MMBTU)

DAILY AVERAGE PRODUCTION TRANCHE (MMSCMD)	BAND-A	BAND-B	BAND-C	BAND-D
	≤ 6.00	> 6.00 to ≤ 10.00	>10.00 to ≤ 14.00	>14.00

#### GOVERNMENT SHARE OF PRODUCTION (%)

TRANCHE- ≤ 4.25  
1

TRANCHE- > 4.25 to ≤ 8.5  
2

TRANCHE- > 8.5 to ≤ 12.7  
3

TRANCHE- > 12.7 to ≤ 17.0  
4

TRANCHE- > 17.0  
5

### 3.1.5 DEEPWATER and ULTRA DEEPWATER - OIL PRODUCTION-PRICE MATRIX

#### CRUDE OIL PRICE BAND (US\$/BBL)

DAILY AVERAGE PRODUCTION TRANCHE (BOPD)	BAND-A	BAND-B	BAND-C	BAND-D
	≤ 100	>100to ≤ 125	>125to ≤ 150	>150

#### GOVERNMENT SHARE OF PRODUCTION (%)

TRANCHE- ≤ 50000  
1

TRANCHE- > 50000 to ≤ 100000  
2

TRANCHE- > 100000 to ≤ 150000  
3

TRANCHE- > 150000 to ≤ 200000  
4

TRANCHE- > 200000  
5

### 3.1.6 DEEPWATER and ULTRA DEEPWATER – GAS PRODUCTION - PRICE MATRIX

#### GAS PRICE BAND (US\$/MMBTU)

DAILY AVERAGE PRODUCTION TRANCHE (MMSCMD)	BAND-A	BAND-B	BAND-C	BAND-D
	≤ 6.00	> 6.00 to ≤ 10.00	>10.00 to ≤ 14.00	>14.00

#### GOVERNMENT SHARE OF PRODUCTION (%)

TRANCHE- ≤ 14.16  
1  
TRANCHE- > 14.16 to ≤ 28.32  
2  
TRANCHE- > 28.32 to ≤ 42.48  
3  
TRANCHE- > 42.48 to ≤ 56.64  
4  
TRANCHE- > 56.64  
5

### 3.1.7 CBM BLOCKS PRODUCTION - PRICE MATRIX

#### GAS PRICE BAND (US\$/MMBTU)

DAILY AVERAGE PRODUCTION TRANCHE (MMSCMD)	BAND-A	BAND-B	BAND-C	BAND-D
	≤ 6.00	> 6.00 to ≤ 10.00	>10.00 to ≤ 14.00	>14.00

#### GOVERNMENT SHARE OF PRODUCTION (%)

TRANCHE- ≤ 0.42  
1  
TRANCHE- > 0.42 to ≤ 0.85  
2  
TRANCHE- > 0.85 to ≤ 1.41  
3  
TRANCHE- > 1.41 to ≤ 1.90  
4

TRANCHE- > 1.90  
5

4. The applicable price band in US\$/Bbl for crude oil and/or US\$/MMBtu for Natural Gas shall be determined in accordance with Article 20 of this Contract.
5. The applicable daily production tranche shall be calculated for each Calendar month by dividing the volumes of Petroleum Produced and Saved from the Contract Area during that month by the number of days in that particular month.
6. Then, Government's Revenue Share from the average daily production volume, applicable Government share of production in percentage and Government share of production for the month shall be calculated as described in 8.1.
7. Contractor's Revenue Share of Petroleum shall be the remaining portion after deducting the Government's Revenue Share and Royalty.

#### 8. Illustration of the Methodology for Calculation of Government's Revenue Share

DAILY AVERAGE PRODUCTION TRANCHE (BOPD)		CRUDE OIL PRICE BAND (US\$/Bbl)			
		BAND-A <= 100	BAND-B >100and<=12 5	BAND-C >125and<=15 0	BAND-D >150
		GOVERNMENT SHARE OF PRODUCTION (%)			
TRANCHE- 1	≤ 10000	45	50	55	60
TRANCHE- 2	> 10000 ≤ 20000	50	55	60	65
TRANCHE- 3	> 20000 ≤ 30000	55	60	65	70
TRANCHE- 4	> 30000 ≤ 40000	60	65	70	75
TRANCHE- 5	> 40000	65	70	75	80

8.1.1 Cumulative production available for share in a month is equal to cumulative production for that month, minus royalty payment. Accordingly, if the Crude oil price falls in Price Band–

B, for example US \$ 110/BBL and cumulative production for a particular month is 750000 Bbl and royalty rate is 10% then cumulative production available for share equals to:

$$\text{i.e., } 750000 \text{ Bbl} - 75000 \text{ Bbl} = 675000 \text{ Bbl}$$

(in case where there is no royalty, cumulative production for the month will be considered).

8.1.2 If number of days in that month is 30 days, then Daily average production rate equals to production available for share divided by number of days in that month

$$\text{i.e } 675000 \text{ Bbl} / 30 \text{ days} = 22500 \text{ Bbl} / \text{day}$$

8.1.3 Note that the calculated daily average production (**22500 Bbl / day**) reached the production **Tranche-3** mentioned in the table above.

8.1.4 **Government share of average daily production volume**

Using the illustrative matrix and given the volume of production for the month, the Government share of average daily production volume will work out as under:

$$(10000 - 0) * 50\% + (20000 - 10000) * 55\% + (22500 - 20000) * 60\%$$

$$\text{Government Share : } (5000 + 5500 + 1500) \text{ Bbl/day} = 12000 \text{ Bbl /day}$$

8.1.5 Then, Government share of production **in percentage** terms equals to Government share of daily average production divided by daily average production rate.

$$\text{i.e. } 12000 \text{ Bbl} / 22500 \text{ Bbl} = 53.333\%$$

8.1.6 Government share of production for the month is equal to cumulative production available for share (cumulative production for the month minus royalty payment) in the month multiplied by applicable government share of production percentage.

$$\text{i.e. } 675000 \text{ Bbl} \times 53.333 \% = 359775 \text{ Bbl}$$

8.1.7 Revenue realisation in a month:

For average daily production of 22500 Bbl at the prevailing price of US\$ 110 for a month

Revenue realised by the Government for that month would be:

$$359775 \text{ Bbl} * \text{US\$}110 = \text{US\$}39575250$$

8.1.8 Methodology explained above shall be adopted for calculation for gas as well.

**APPENDIX E**

**ESCROW ACCOUNT AGREEMENT**

THIS ESCROW ACCOUNT AGREEMENT (the "Agreement") is made at \_\_\_\_\_ on \_\_\_\_\_, by and amongst:

1. [ ], [a company incorporated in India under the Companies Act, 1956 /Companies Act, 2013/ a banking company registered under the Banking Regulation Act, 1949], with its registered

office at [.] (hereinafter referred to as the "**Escrow Bank**" which expression shall, unless it be repugnant to the subject or context thereof, include its successors and permitted assigns) of the **FIRST PART**:

2. [.]a company as defined in article 1.2.21 of this Contract and having its registered office at [.] (hereinafter referred to as the "**Contractor**", which expression shall, unless it be repugnant to the subject or context thereof, include its successors and permitted assigns) of the **SECOND PART**; and
3. The President of India, acting through the \_\_\_\_\_, Ministry of Petroleum and Natural Gas(hereinafter referred to as the "**Government**") of the **THIRD PART**.

The Escrow Bank, the Contractor and the Government are hereinafter collectively referred to as the "**Parties**" and individually as the "**Party**".

**WHEREAS:**

- (a) The Government desires that the Petroleum resources which may exist in the territorial waters, the continental shelf, and the exclusive economic zone of India be discovered and exploited with the utmost expedition in the overall interest of India and in accordance with Modern Oil Field and Petroleum Industry Practices
- (b) XYZ or the Contractor is a company which has / have committed that it has / they have, or will acquire and make available, the necessary financial and technical resources and the technical and industrial competence and experience necessary for proper discharge and / or performance of all obligations required to be performed under the Contract in accordance with Modern Oil Field and Petroleum Industry Practices.
- (c) Pursuant to the above, the Government and the Contractor have entered into a Contract dated \_\_\_\_ with respect to the Contract Area identified as [Shallow Water Block -/Deepwater Block -/ Ultra Deepwater Block -] block ("**Contract**") wherein the Government has appointed XYZ/Contractor as an exclusive entity to conduct Petroleum Operations in the Contract Area in accordance with the terms and conditions of the Contract.
- (d) Under the terms or the Contract, it has been stipulated that an account which the Contractor shall open and maintain with a bank in which all inflows and outflows of all revenue receipts and expenditures shall be credited and debited, as the case may be, in accordance with the provisions of this Agreement, and includes the Sub-Accounts of such Escrow Account;
- (e) This Agreement sets forth the detailed mandates, terms and conditions and operating procedures for such escrow account.



NOW, THEREFORE, in consideration of the premises contained herein, the Parties hereto agree as follows:

**1. Definitions**

1. For the purposes of this Agreement, unless the context otherwise requires, capitalized terms shall have the meaning set forth hereunder.

“Agreement” means this Escrow Account Agreement and any amendment thereto made in accordance with the provisions contained herein.

**"Beneficial Parties"** means collectively the Contractor, and Government, and **"Beneficial Party"** refers individually to each of them;

**"Business Day"** means any day of the week (excluding Saturdays, Sundays and public holidays) on which banks in \_\_\_\_\_ are generally open for business;

**"Contract"** shall have the meaning specified in Recital C of this Agreement.

**"Cure Period"** means the period specified in this Agreement for curing any breach or default of any provision of this Agreement by the Contractor, and shall commence from the date on which a notice is delivered by the Government, to the Contractor asking the latter to cure the breach or default specified in such notice;

**"Escrow Account"** means an escrow account established in terms of and under this Agreement;

**"Escrow Default"** shall have the meaning ascribed thereto in Clause 5.1;

**"Parties"** means the parties to this Agreement collectively and **"Party"** shall mean any of the Parties to this Agreement individually;

**"Payment Date"** means, in relation to any payment specified in Clause 3.2, the date(s) specified for such payment;

**"Dispute"** shall mean any dispute, difference, question or controversy between the Parties arising out of, in connection with or in relation to this Agreement.

**"Month"** shall mean a calendar month.

Other capitalized terms used herein (and not defined herein) but defined under the Contract shall have the meaning ascribed to the term under the Contract

**2. Establishment of Escrow Account and Declaration of Trust**

1. **Establishment of the Accounts**

Within 30 (thirty) days from the date of this Agreement, and in any case prior to the Effective Date, the Contractor shall open and establish the Escrow Account with the ..... (name of Branch) Branch of the Escrow Bank. The Escrow Account shall be denominated in Rupees.

The Escrow Bank shall maintain the Escrow Account in accordance with the terms of this Agreement and its usual practices and applicable regulations, and pay the maximum rate of interest payable to similar customers on the balance in the said account from time to time.

**2. Declaration of Trust**

The Contractor hereby appoints the Escrow Bank to act as trustee for the Government and the Contractor in connection herewith and authorises the Escrow Bank to exercise such rights, powers, authorities and discretion as are specifically delegated to the Escrow Bank by the terms hereof together with all such rights, powers, authorities and discretion as are reasonably incidental hereto, and the Escrow Bank accepts such appointment pursuant to the terms hereof.

The Contractor hereby declares that all rights, title and interest in and to the Escrow Account shall be vested in the Escrow Bank and held in trust for the Government and the Contractor, and applied in accordance with the terms of this Agreement. No person other than the Government and the Contractor shall have any rights hereunder as the beneficiaries of, or as third party beneficiaries under this Agreement.

**3. Acceptance of Escrow Bank**

The Escrow Bank hereby agrees to act as such and to accept all payments and other amounts to be delivered to and held by the Escrow Bank pursuant to the provisions of this Agreement. The Escrow Bank shall hold and safeguard the Escrow Account during the term of this Agreement and shall treat the amount in the Escrow Account as monies deposited by the Contractor with the Escrow Bank. In performing its functions and duties under this Agreement, the Escrow Bank shall act in trust for the benefit of, and as agent for, the Government, and the Contractor or their nominees, successors or assigns, in accordance with the provisions of this Agreement.

**4. General Right or Withdrawal**

The Escrow Bank shall not make any transfer or withdrawal other than in accordance with this Agreement, unless the Escrow Bank has received the prior written instructions of the Beneficial Parties authorizing such use.

### **3. Deposits into and Withdrawals from the Escrow Account**

- 3.1 The Contractor shall deposit all the Revenues received by it from or in relation to Petroleum Produced and Saved into the Escrow Account under the terms of the Contract. All Revenue shall be deposited and withdrawn forthwith to and from the Account at the time and in the manner required by this Agreement. Subject in all respects to Section 3.2, until the delivery by the Government to the Escrow Bank of written notice of the occurrence of an Event of Default in the payment of the Government's Revenue Share by the Contractor under the Contract (with a copy to the Contractor), the Escrow Agent shall, on each Business Day that funds and monies become available in the Escrow Account, withdraw from the Escrow Account all funds and monies then on deposit therein and transfer all such amounts to an account of the Contractor as designated, in writing, by the Contractor to the Escrow Agent (with a copy to the Government). The monthly account statement of the Escrow Account shall be provided to the Government and the Contractor by the Escrow Bank.
- 3.2 The Contractor shall, at the time of opening the Escrow Account, give irrevocable instructions, under the Escrow Agreement, to the Escrow Bank instructing, *inter alia*, that deposits in the Escrow Account shall be appropriated in accordance with Section 3.1 till no notice of occurrence of Event of Default under the Contract is issued by the Government and immediately upon the issuance, by the Government, of a notice of occurrence of Event of Default in the payment of the Government's Revenue Share by the Contractor under the Contract and till such time as the Government issues a notice stating that such Event of Default by the Contractor has been cured and is no longer continuing, all transfers and withdrawals from the Escrow Account under Section 3.1 shall cease and all transfers and withdrawals from the Escrow Account shall be governed and carried out by the Escrow Bank in the following order based on the receipt of relevant demand or instructions:
- (a) amounts equal to all Royalty payments payable to the Government under this Contract shall be withdrawn when due and payable under applicable law to the account as instructed in writing (with a copy to the Contractor) by the Government;
  - (b) amounts equal to Government's Revenue Share payable to Government under the Contract shall be withdrawn when due and payable under this Contract to the account as instructed in writing (with a copy to the Contractor) by the Government;
  - (c) amounts equal to all payments and Liquidated Damages certified by the Government as due and payable to it by the Contractor pursuant to the Contract

- shall be withdrawn when due and payable under this Contract to the account as instructed in writing (with a copy to the Contractor) by the Government; and
- (d) balance yet to be paid to the Government under the above three heads .

It is clarified that:

- (i) If the Revenue in the Escrow Account is not sufficient to make the payments of the Government's Revenue Share, then the payment shall be made directly by the Contractor in the form of a demand draft drawn in favour of "Pay and Account Officer, MoP&NG", Shastri Bhavan, New Delhi or its successor
- (ii) if the Revenue in the Escrow Account is not sufficient to make the payments of the Taxes or Royalty or Liquidated Damages, then the payment shall be made directly by the Contractor to the Government .

In the event of any dispute between the Government and the Contractor, the Parties shall have recourse under the dispute resolution provisions of the Contract; provided, that, pending the full and final resolution of such dispute, the Escrow Bank shall act strictly in accordance with the provisions of this Section 3.2 notwithstanding such dispute. After written notice from the Government that Contractor has cured its Event of Default in payment of Government's Revenue Share and that no such Events of Default are then continuing, the Escrow Bank shall cease the withdrawal and transfer of funds from Escrow Bank in accordance with Section 3.2 and thereafter, the transfer of funds from the Escrow Account by the Escrow Bank to the account of the Contractor shall recommence in accordance with the provisions of Section 3.1.

### 3.3 Withdrawals upon Termination

Upon termination of the Contract, all amounts standing to the credit of the Escrow Account shall, notwithstanding anything in this Agreement, be appropriated and dealt with in the orderspecified in Clause 3.2 above.

### 3.4 Application of insufficient funds

Funds in the Escrow Account shall be applied in the serial order of priority set forth in Clause 3.2 and 3.3, as the case may be. If the funds available are not sufficient to meet all the requirements, the Escrow Bank shall apply such funds in the serial order of priority until exhaustion thereof.

## **4. Escrow Bank Provisions**

### 4.1 Obligation of the Escrow Bank

**(i) Segregation of funds**

*Monies and other property received by the Escrow Bank under this Agreement shall, until used or applied in accordance with this Agreement, be held by the Escrow Bank in trust for the purposes for which they were received, and shall be segregated from other funds and property of the Escrow Bank.*

**(ii) Notification of balances**

*7 (seven) Business Days prior to each Payment Date (and for this purpose the Escrow Bank shall be entitled to rely on an affirmation by the Contractor and/or the Government as to the relevant Payment Dates), the Escrow Bank shall notify the Government of the balances in the Escrow Account as at the close of business on the immediately preceding business day.*

**(iii) Communications and notices**

*In discharge of its duties and obligations hereunder, the Escrow Bank:*

*(a) may, in the absence of bad faith or gross negligence on its part, rely as to any matters of fact which might reasonably be expected to be within the knowledge of the Contractor upon a certificate signed by or on behalf of the Contractor;*

*(b) may, in the absence of bad faith or gross negligence on its part, rely upon the authenticity of any communication or document believed by it to be authentic;*

*(c) shall, within 5 (five) business days after receipt, deliver a copy to the Government of any notice or document received by it in its capacity as the Escrow Bank from the Contractor or any other person hereunder or in connection herewith; and*

*(d) shall, within 5 (five) business days after receipt, deliver a copy to the Contractor of any notice or document received by it from the Government in connection herewith.*

**(iv) No set off**

*The Escrow Bank agrees not to claim or exercise any right of set off, banker's lien or other right or remedy with respect to amounts standing to the credit of the Escrow Account. For the avoidance of doubt, it is hereby acknowledged and agreed by the Escrow Bank that the monies and properties held by the Escrow Bank in the Escrow Account shall not be considered as part of the assets of the Escrow Bank and being trust property, shall in the case of bankruptcy or liquidation of the Escrow Bank, be wholly excluded from the assets of the Escrow Bank in such bankruptcy or liquidation.*

**(v) Regulatory approvals**

The Escrow Bank shall use its best efforts to procure, and thereafter maintain and comply with, all regulatory approvals required for it to establish and operate the Escrow Account. The Escrow Bank represents and warrants that it is not aware of any reason why such regulatory approvals will not ordinarily be granted to the Escrow Bank.

#### 4.2 Escrow Bank's fee

The Escrow Bank shall be entitled to receive its fee and expenses in an amount, and at such times, as may be agreed between the Escrow Bank and the Contractor.

#### 4.3 Interest on Deposits

The Escrow Bank agrees and undertakes that all interest accruing on the balances of the Escrow Account shall be credited to the Escrow Account; provided that the Escrow Bank shall be entitled to appropriate therefrom the fee and expenses due to it from the Contractor in relation to the Escrow Account and credit the balance remaining to the Escrow Account.

#### 4.4 Confidentiality

The Escrow Bank agrees to keep all information ("**Information**") (including the terms and conditions of this Agreement and the Contract) made available (whether before or after the date of this Agreement) by any of the Parties to the Escrow Bank concerning the Contractor or Petroleum Operation confidential, and hereby undertakes and covenants not to communicate any Information, or allow any Information to be communicated to any third party unless:

- (a) in connection with any proceedings arising out of or in connection with this Agreement to the extent that such party may consider it necessary to protect its interest or the interests of the Escrow Bank;
- (b) required to do so by an order of a court of competent jurisdiction whether or not in pursuance of any procedure for discovering documents;
- (c) pursuant to any Applicable Law in accordance with which such party is required to act;
- (d) to its auditors for the purposes of enabling the auditors to complete an audit of the Escrow Bank or to its legal advisers when seeking bona fide legal advice in connection with this Agreement;
- (e) in circumstances where the relevant Information has been published or announced by the Contractor and/or any other Beneficial Party in conditions free from confidentiality or has otherwise entered the public domain without default on the part of the relevant Party; or
- (f) the Information was obtained by such Escrow Bank from an independent or third party source who was not in breach of any confidentiality obligations with the Beneficial Parties.

#### 4.5 Not Acting in Individual Capacity

In accepting the trusts hereby created, the Escrow Bank acts solely in its capacity as a Escrow Bank and not in its individual capacity and all entities having any claim against the Escrow Bank by reason of the transactions contemplated by the Contract shall look only to the Contractor for payment or satisfaction thereof, save and except as provided in this Agreement, other than as a result of its willful misconduct or gross negligence.

## **5. Escrow Default**

**5.1 Following events shall constitute an event of default by the Contractor (an "Escrow Default") unless such event of default has occurred as a result of Force Majeure or any act or omission of the Government:**

- (a) the Contractor commits breach of this Agreement by failing to deposit any receipts into the Escrow Account as provided herein and fails to cure such breach by depositing the same into the Escrow Account within a Cure Period of 5 (five) Business Days;**
- (b) the Contractor causes the Escrow Bank to transfer funds to any account of the Contractor in breach of the terms of this Agreement and fails to cure such breach by depositing the relevant funds into the Escrow Account in which such transfer should have been made, within a Cure Period of 5 (five) Business Days; or**
- (c) the Contractor commits or causes any other breach of the provisions of this Agreement and fails to cure the same within a Cure Period of 5 (five) Business Days.**

**5.2 Upon occurrence of an Escrow Default, the consequences thereof shall be dealt with under and in accordance with the provisions of the Contract.**

## **6. Termination of Escrow Agreement**

### **6.1 Duration of the Escrow Agreement**

**This Agreement shall remain in full force and effect so long as any sum remains to be advanced or is outstanding from the Contractor in respect of the Contract, or any of its obligations to the Government remain to be discharged, unless terminated earlier by consent of all the Parties or otherwise in accordance with the provisions of this Agreement.**

### **6.2 Substitution of Escrow Bank**

**The Contractor may, by not less than 45 (forty five) days prior notice to the Escrow Bank and the Government, terminate this Agreement and appoint a new Escrow Bank, provided that the new Escrow Bank is acceptable to the Government and arrangements are made satisfactory to the Government for transfer of amounts deposited in the Escrow Account to a new Escrow Account established with the successor Escrow Bank. The termination of this Agreement shall take effect only upon coming into force of an Escrow Agreement with the substitute Escrow Bank.**

### **6.3 Closure of Escrow Account**

**The Escrow Bank shall, at the request of the Contractor and the Government made on or after the payment by the Contractor of all outstanding amounts under the Contract including the payments specified in Clause 4.2 ("Withdrawals upon termination"), and upon confirmation of receipt of such payments, close the Escrow Account and pay any amount standing to the credit thereof to the Contractor. Upon closure of the Escrow Account hereunder, the Escrow Agreement shall be deemed to be terminated.**



**7. Representation and warranties of the Escrow Bank and the Contractor**

Each of the Escrow Bank and the Contractor represent and warrant that it is duly organized and validly existing under the laws of India with power to enter into this Agreement and to exercise its rights and perform its obligations hereunder and has taken all corporate and other actions required for the execution of this Agreement and the performance of its obligations hereunder. The Escrow Bank represents and warrants that it shall hold all funds in the Escrow Account in trust for the benefit of the Beneficial Parties in accordance with the provisions of this Agreement and further represents and warrants that it has obtained all approvals, permits and other clearances required for the execution of this Agreement and the performance of its obligations hereunder.

**8. General indemnity**

- (a) The Contractor will indemnify, defend and hold the Government and Escrow Bank, harmless against any and all proceedings, actions and third party claims for any loss, damage, cost and expense arising out of any breach by the Contractor of any of its obligations under this Agreement or on account of failure of the Contractor to comply with applicable laws and applicable permits.*
- (b) The Escrow Bank will indemnify, defend and hold the Contractor harmless against any and all proceedings, actions and third party claims for any loss, damage, cost and expense arising out of failure of the Escrow Bank to fulfill its obligations under this Agreement materially and adversely affecting the performance of the Contractor's obligations under the Contract other than any loss, damage, cost and expense, arising out of acts done in discharge of their lawful functions by the Escrow Bank, its officers, servants and agents.*
- (c) In the event that any Party hereto receives a claim from a third party in respect of which it is entitled to the benefit of an indemnity under Clause 8 or in respect of which it is entitled to reimbursement (the "Indemnified Party"), it shall notify the other Party responsible for indemnifying such claim hereunder (the "Indemnifying Party") within 15 (fifteen) days of receipt of the claim and shall not settle or pay the claim without the prior approval of the Indemnifying Party, which approval shall not be unreasonably withheld or delayed. In the event that the Indemnifying Party wishes to contest or dispute the claim, it may conduct the proceedings in the name of the Indemnified Party and shall bear all costs involved in contesting the same. The Indemnified Party shall provide all cooperation and assistance in contesting any claim and shall sign all such writings and documents as the Indemnifying Party may reasonably require.*

**9. Waiver of sovereign immunity**

The Government unconditionally and irrevocably:

- (a) agrees that the execution, delivery and performance by it of this Agreement constitute commercial acts done and performed for commercial purpose;
- (b) agrees that, should any proceedings be brought against it or its assets, property or revenues in any jurisdiction in relation to this Agreement or any transaction contemplated by this Agreement, no immunity (whether by reason of sovereignty or otherwise) from such proceedings shall be claimed by or on behalf of the Government with respect to its assets;
- (c) waives any right of immunity which it or its assets, property or revenues now has, may acquire in the future or which may be attributed to it in any jurisdiction; and
- (d) consents generally in respect of the enforcement of any judgement or award against it in any such proceedings to the giving of any relief or the issue of any process in any jurisdiction in connection with such proceedings (including the making, enforcement or execution against it or in respect of any assets, property or revenues whatsoever irrespective of their use or intended use of any order or judgement that may be made or given in connection therewith).

## **10. Miscellaneous**

### **10.1 Restriction on Assignment**

Save as provided in Clause 5.2, the Contractor and the Escrow Bank, shall not assign or transfer any part or their respective rights or obligations under this Agreement without the prior consent of the Government. It is expressly agreed between the Parties that nothing in this Clause 7.1 shall prevent the Government from assigning, novating or transferring its rights, benefits and obligations under this Agreement to any entity.

### **10.2 Notices**

All notices or other communications to be given or made under this Agreement shall be in writing and shall either be delivered personally or sent by courier or registered post with an additional copy to be sent by facsimile or e-mail. The address for service of each Party, its facsimile number or e-mail are set out under its name on the signing pages hereto. A notice shall be effective upon actual receipt thereof, save that where it is received after 5.30 (five thirty) p.m. on a business day, or on a day that is not a business day, the notice shall be deemed to be received on the first business day following the date of actual receipt. Without prejudice to the foregoing, a Party giving or making a notice or communication by facsimile or e-mail shall promptly deliver a copy thereof personally, or send it by courier or registered post to the addressee of such notice or communication. It is hereby agreed and acknowledged that any Party may by notice change the address to which such notices and communications to it are to be delivered or mailed. Such change shall be effective when all the Parties have notice of it.

### **10.3 Waivers**

- (i) Waiver by any Party of a default by another Party in the observance and performance of any provision of or obligations under this Agreement:
  - (a) shall not operate or be construed as a waiver of any other or subsequent default hereof or of other provisions of or obligations under this Agreement;
  - (b) shall not be effective unless it is in writing and executed by a duly authorised representative of the Party; and
  - (c) shall not affect the validity or enforceability of this Agreement in any manner.
- (ii) Neither the failure by any Party to insist on any occasion upon the performance of the terms, conditions and provisions of this Agreement or any obligation thereunder nor time or other indulgence granted by any Party to another Party shall be treated or deemed as waiver of such breach or acceptance of any variation or the relinquishment of any such right hereunder.

### **10.4 Remedies**

The remedies herein provided are cumulative and not exclusive of any remedies provided by Applicable Law.

### **10.5 Severability**

If for any reason whatever any provision of this Agreement is or becomes invalid, illegal or unenforceable or is declared by any court of competent jurisdiction or any other instrumentality to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions shall not be affected in any manner, and the Parties will negotiate in good faith with a view to agreeing to one or more provisions which may be substituted for such invalid, unenforceable or illegal provisions, as nearly as is practicable to such invalid, illegal or unenforceable provision. Failure to agree upon any such provisions shall not be subject to dispute resolution under Clause 10.8 of this Agreement or otherwise.

### **10.6 Amendments or Waiver**

No amendment or waiver of any provision of this Agreement, nor consent to any departure by any of the Parties there from, shall in any event be effective unless the same shall be in writing and signed by the Parties hereto and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

### **10.7 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of India, and the Courts at Delhi shall have jurisdiction over all matters arising out of or relating to this Agreement.

## **10.8 Dispute Settlement**

- (a) Any dispute, difference or claim arising out of or in connection with this Agreement, which is not resolved amicably, shall be decided finally by reference to arbitration to a Board of Arbitrators comprising one nominee of each Party to the dispute, and where the number of such nominees is an even number, the nominees shall elect another person to such Board. Such arbitration shall be held in accordance with the Rules of Arbitration of the International Centre for Alternative Dispute Resolution, New Delhi (the "Rules") or such other rules as may be mutually agreed by the Parties, and shall be subject to the provisions of the Arbitration and Conciliation Act, 1996.
- (b) *The Arbitrators shall issue a reasoned award and such award shall be final and binding on the Parties. The venue of arbitration shall be Delhi and the language of arbitration shall be English.*
- (c) This Article 10.8 shall survive the termination or expiry of this Agreement.

## **10.9 Regulatory Approvals**

The Contractor shall procure and shall thereafter maintain and comply with all regulatory approvals required for it to establish and operate the Escrow Account.

## **10.10 Rights of the Parties**

The rights of the Government and the Contractor in the monies held in the Escrow Account are set forth in their entirety in this Agreement and the Government and the Contractor shall have no other rights against or to the monies in the Escrow Account.

## **10.11 Survival**

- (i) Termination of this Agreement:
  - (a) shall not relieve the Parties of any obligations hereunder which expressly or by implication survive termination hereof; and
  - (b) except as otherwise provided in any provision of this Agreement expressly limiting the liability of either Party, shall not relieve either Party of any obligations or liabilities for loss or damage to the other Party arising out of, or caused by, acts or omissions of such Party prior to the effectiveness of such termination or arising out of such termination.
- (ii) All obligations surviving the cancellation, expiration or termination of this Agreement shall only survive for a period of 3 (three) years following the date of such termination or expiry of this Agreement.

## **10.12 Additional Rights**

Any rights conferred on the Parties pursuant to this Agreement shall be in addition to and not in substitution for or in derogation of any other rights and remedies which the Parties may at any time have under the Contract or otherwise.

**10.13 Priority of agreements**

In the event of any conflict between the Contract and this Agreement, the provisions contained in the Contract shall prevail over this Agreement.

**10.14 No third party beneficiaries**

This Agreement is solely for the benefit of the Parties and no other person or entity shall have any rights hereunder.

**10.15 Successors and assigns**

*This Agreement shall be binding on and shall inure to the benefit of the Parties and their respective successors and permitted assigns.*

**10.16 Language**

*All notices, certificates, correspondence and proceedings under or in connection with this Agreement shall be in English.*

**10.17 Alteration of terms**

All additions, amendments, modifications and variations to this Agreement shall be effectual and binding only if in writing and signed by the duly authorised representatives of the Parties.

**10.18 Authorised representatives**

*Each of the Parties shall, by notice in writing, designate their respective authorised representatives through whom only all communications shall be made. A Party hereto shall be entitled to remove and/or substitute or make fresh appointment of such authorised representative by similar notice.*

**10.19 Original Document**

This Agreement may be executed in three counterparts, each of which when executed and delivered shall constitute an original of this Agreement.

**IN WITNESS WHEREOF** the Contractor has caused its Common Seal to be affixed hereto and to a duplicate hereof on the date first above written and the Escrow Bank and Government acting through have caused the same to be executed by the hand of an authorized official.

The signature of the authorized representative of the CONTRACTOR has been affixed pursuant to the resolution of its Board of Directors dated the \_\_\_\_\_ day \_\_\_\_\_, which has hereunto been affixed in the presence of Shri. \_\_\_\_\_, and Shri. \_\_\_\_\_, Directors who have signed

these presents in token thereof and countersigned by \_\_\_\_\_, the authorized officer/Company Secretary

SIGNED AND DELIVERED by the ESCROW BANK by the hand of \_\_\_\_\_ its authorized official.

SIGNED AND DELIVERED by GOVERNMENT by the hand of \_\_\_\_\_ Mr. \_\_\_\_\_ its authorized official.

### **APPENDIX F**

#### **FORM OF PARENT COMPANY FINANCIAL AND PERFORMANCE GUARANTEE**

(to be furnished pursuant to Article 28.1(b) of the Contract)

WHEREAS a company duly organized and existing under the laws of having its registered office at \_\_\_\_\_ (hereinafter referred to as 'the Guarantor' which expressions shall include its successors and assigns) is (the indirect owner of one hundred per cent (100%) of the capital stock of XYZ company and direct owner of its parent company); and

WHEREAS XYZ Company is signatory to a Revenue Sharing Contract in respect of an (offshore) (onshore) area identified as Block (hereinafter referred to as 'the Contract') made between the Government of India (hereinafter referred to as 'the Government'), and XYZ Company (hereinafter referred to as XYZ which expressions shall include its successors and permitted assigns); and

WHEREAS the Guarantor wishes to guarantee the performance of XYZ Company or its Affiliate Assignee under the Contract as required by the terms of the Contract;

NOW, THEREFORE this Deed hereby provides as follows:

1. The Guarantor hereby unconditionally and irrevocably guarantees to the Government that it will make available, or cause to be made available, to XYZ Company or any other directly or indirectly owned Affiliate of XYZ Company to which any part or all of XYZ Company's rights or interest under the Contract may subsequently be assigned ('Affiliate Assignee'), financial, technical and other resources required to ensure that XYZ Company or any Affiliate Assignee can carry out its obligations as set forth in the Contract.

2. The Guarantor further unconditionally and irrevocably guarantees to the Government the due and punctual compliance by XYZ Company or any Affiliate Assignee, of any obligations of XYZ Company or any Affiliate Assignee under the Contract.
3. The Guarantor hereby undertakes to the Government that if XYZ Company, or any Affiliate Assignee, shall, in any respect, fail to perform its obligations under the Contract or commit any breach of such obligations, then the Guarantor shall fulfil or cause to be fulfilled the said obligations in place of XYZ Company or any Affiliate Assignee, and will indemnify the Government against all losses, damages, costs, expenses or otherwise which may result directly from such failure to perform or breach on the part of XYZ Company.
4. This guarantee shall take effect from the Effective Date and shall remain in full force and effect for the duration of the said Contract and thereafter until no sum remains payable by XYZ Company, or its Affiliate Assignee, under the Contract or as a result of any decision or award made by any expert or arbitral tribunal thereunder.
5. This guarantee shall not be affected by any change in the articles of association and by laws of XYZ Company or the Guarantor or in any instrument establishing the Company or Guarantor.
6. The liabilities of the Guarantor shall not be discharged or affected by (a) any time indulgence, waiver or consent given to XYZ Company; (b) any amendment to the Contract or to any security or other guarantee or indemnity to which XYZ Company has agreed; (c) the enforcement or waiver of any terms of the Contract or of any security, other guarantee or indemnity; or (d) the dissolution, amalgamation, reconstruction or reorganisation of XYZ Company.
7. This guarantee shall be governed by and construed in accordance with the laws of India.

IN WITNESS WHEREOF the Guarantor, through its duly authorised representatives, has caused its seal to be duly affixed hereto and this guarantee to be duly executed the \_\_\_\_\_ day of 201\_.

**APPENDIX G**

**FORM OF COMPANY FINANCIAL AND PERFORMANCE GUARANTEE**

(to be furnished pursuant to Article 28.1(b) of the Contract)

WHEREAS XYZ Company duly organised and existing under the laws of \_\_\_\_\_ having its registered office at (hereinafter referred to as 'the Guarantor' which expressions shall include its successors and assigns) is signatory to a Revenue Sharing Contract in respect of an (offshore) (onshore) area identified as Block \_\_\_\_\_ (hereinafter referred to as 'the Contract') made between the Government of India (hereinafter referred to as 'the Government'), and XYZ Company (hereinafter referred to as XYZ which expressions shall include its successors and permitted assigns); and

WHEREAS the Guarantor wishes to guarantee its performance under the Contract as required by the terms of the Contract;

NOW, THEREFORE this Deed hereby provides as follows:

1. The Guarantor hereby unconditionally and irrevocably guarantees to the Government that it will make available, or cause to be made available, financial, technical and other resources required to ensure that XYZ Company can carry out its obligations as set forth in the Contract.
2. The Guarantor further unconditionally and irrevocably guarantees to the Government the due and punctual compliance by it of any obligations under the Contract.
3. The Guarantor hereby undertakes to the Government that it shall fulfill or cause to be fulfilled all its obligations under the Contract, and if it fails to perform its obligations under the Contract or commits any breach of such obligations, then it shall indemnify the Government against all losses, damages, costs, expenses or otherwise which may result directly from such failure to perform or breach on its part.
4. This guarantee shall take effect from the Effective Date and shall remain in full force and effect for the duration of the said Contract and thereafter until no sum remains payable by XYZ Company, under the Contract or as a result of any decision or award made by any expert or arbitral tribunal thereunder.



5. This guarantee shall not be affected by any change in the articles of association and bye-laws of XYZ Company or in any instrument establishing the Company.
6. The liabilities of the Guarantor shall not be discharged or affected by (a) any time indulgence, waiver or consent given to XYZ Company; (b) any amendment to the Contract or to any security or other guarantee or indemnity to which XYZ Company has agreed; or (c) the enforcement or waiver of any terms of the Contract or of any security, other guarantee or indemnity.
7. This guarantee shall be governed by and construed in accordance with the laws of India.

IN WITNESS WHEREOF the Guarantor, through its duly authorised representatives, has caused its seal to be duly affixed hereto and this guarantee to be duly executed the day of 201.

## APPENDIXH

### PERFORMANCE OF BANK GUARANTEE TO BE PROVIDED PURSUANT TO ARTICLE 28

1. In consideration of Government of India (hereinafter referred to as "Government") having entered into a Revenue Sharing Contract for the block dated (hereinafter referred to as "Contract", which expressions shall include all the amendments agreed to between the Government and the Contractor, or, thereto), with M/s \_\_\_\_\_ having its registered office at \_\_\_\_\_ (hereinafter referred to as \_\_\_\_\_, which expression unless repugnant to the context or meaning thereof include all its successors, administrators, executors and assigns), which is a constituent of the Contractor, and the Government have agreed that the Company shall furnish to Government a bank guarantee (hereinafter referred to as "Guarantee") towards its obligations as provided in the Contract for US\$ (for Foreign Companies)/US\$ equivalent in Indian Rupees (for Indian Companies) for the performance of its obligations under the Contract.
  
2. We (name of the Bank) registered under the Law of \_\_\_\_\_ and having its registered office at \_\_\_\_\_ (hereinafter referred to as "the Bank", which expressions shall unless repugnant to the context or meaning thereof include all its successors, administrators, executors and assigns) do hereby guarantee and undertake to pay immediately on the first demand in writing and any/all money(s) to \_\_\_\_\_ to the extent of Indian Rupees/US\$ \_\_\_\_\_ (in figures) and (Indian Rupees/US\$ \_\_\_\_\_ in words) without any demur, reservation, contest or protest and/or without any reference to the Company. Any such demand made by Government on the Bank by serving a written notice shall be conclusive and binding, without any proof, on the Bank as regards the amount due and payable, notwithstanding any dispute(s) pending before any court, tribunal, arbitrator, sole expert, conciliator or any other authority and/or any other matter or thing whatsoever, as liability under these presents being absolute and unequivocal. We agree that the Guarantee herein contained shall be irrevocable and shall continue to be enforceable until \_\_\_\_\_ it \_\_\_\_\_ is \_\_\_\_\_ discharged by Government in writing. This Guarantee shall not be determined, discharged or affected by the liquidation, winding up, dissolution or insolvency of the Contractor and shall remain valid, binding and operative against the Bank.
  
3. The Bank also agrees that the Government at its option shall be entitled to enforce this Guarantee against the Bank as a principal debtor, in the first instance, without proceeding against the Company and notwithstanding any security or other guarantee that Government may have in relation to the Company's liabilities.
  
4. The Bank further agrees that Government shall have fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said Contract or to extend time of performance by the said \_\_\_\_\_ Company from time to time or to postpone for any time or from time to time exercise of any of the powers vested in Government against the said \_\_\_\_\_ Company and to forebear or enforce any of the terms and conditions relating to the said Contract and we shall not be relieved from our liability by reason of any such variation, or extension \_\_\_\_\_ being \_\_\_\_\_ granted \_\_\_\_\_ to \_\_\_\_\_ the \_\_\_\_\_ said Company or for any forbearance, act or omission on the part of Government or any indulgence by Govern

ment to the said \_\_\_\_\_ Company or any such matter or thing whatsoever which under the law relating to sureties would, but for this provision, have effect of relieving us.

5. The Bank further agrees that the Guarantee herein contained shall remain in full force during the period that is taken for the performance of the Contract and all dues of the Government under or by virtue of this Contract have been fully paid and its claim satisfied or discharged or till Government discharges this Guarantee in writing, whichever is earlier.
6. This Guarantee shall not be discharged by any change in our constitution, in the constitution of \_\_\_\_\_ Company or that of the Contractor.
7. The Bank confirms that this Guarantee has been issued with observance of appropriate laws of the country of issue.
8. The Bank also agrees that this Guarantee shall be governed and construed in accordance with Indian Laws and subject to the exclusive jurisdiction of Indian courts at \_\_\_\_\_, India.
9. Notwithstanding anything contained herein above, our liabilities under this Guarantee is limited to Indian Rupees/US\$ \_\_\_\_\_ (in figures) Indian Rupees/US\$ \_\_\_\_\_ (in words) and our Guarantee shall remain in force upto \_\_\_\_\_ and including sixty (60) days after the expiry date/extended date. Any claim under this Guarantee must be received before the expiry of sixty (60) days or before the expiry of sixty (60) days from the extended date if any. If no such claim has been received by us within sixty (60) days after the said date/extended date the Government's right under this will cease. However, if such a claim has been received by us within and upto sixty (60) days after the said date/extended date, all the Government's rights under this Guarantee shall be valid and shall not cease until we have satisfied that claim.

In witness whereof, the Bank through its authorised officers has set its hand and stamp on this \_\_\_\_\_ day of 200\_\_ at \_\_\_\_\_.

This seal of washer to duly affixed by this day of \_\_\_\_\_ 201\_\_ in accordance with its bye-laws and this Guarantee was duly signed by and as required by the said bye-laws.

Secretary  
President & Director

Witness:

#### APPENDIX I

## **FORMAT OF TECHNICAL ASSESSMENT REPORT**