

Selection of Investor 1.27 MMTPA Urea Project at Gorakhpur, Uttar Pradesh

Response/ Clarification on queries raised in Pre-Application Conference

S. No.	Query	Description	Response/ Clarification
1	Revenue Share % payable to FCIL for the term of Contract	How much would be the revenue share % (approximate range)?	% of Revenue Share shall be communicated to pre-qualified bidders in the Bid Stage.
2	Transfer of existing assets (excluding land)	We understood the land will be provided on lease for 33 years. What about transfer of assets like plant machinery, Buildings etc.? Who will be the owners of these assets? Any consideration to be paid separately for these assets?	Ownership of existing assets of FCIL (excluding land) on the earmarked land shall be transferred to the Selected Bidder. Bids for the Project will be sought on the basis of an Upfront Fee payable to FCIL against award of Project (including transfer of assets)
3	Power of Attorney for signing of EoI	Where the applicant is a single entity, would a Board resolution be suffice instead of power of attorney for authorization of signatory of the applicant?	In case the Applicant is a single entity, certified true copy of Board Resolution clearly authorizing the signatory for execution of documents for the Project shall also suffice
4	Formation of SPV for executing the Project	Where applicant is a single entity, is it necessary to form a SPV for execution of agreement and implementation of the project?	A new SPV is required to be created by the Selected Bidder for execution of the Agreement and implementation of the Project.
5	Land Area to be provided on lease for the Project	Of the total land area 993.81 acres available with FCIL, Gorakhpur, how much land will be made available for the project?	Quantum of land to be made available for the Project shall be communicated to pre-qualified bidders in the Bid Stage
6	Site Visit	Could we visit the project site before EOI?	A formal site visit along with relevant officials shall be organized for pre-qualified bidders post the release of RFP. However, if the interested applicants wish, they may visit the site before submission of EoI on their own.

7	Applicability of NIP 2012 till 2019	As mentioned in the RFQ, New Investment policy – 2012 determines the sales price of urea for subsidy. As per amended NIP 2012, it is applicable for 5 years i.e. from 2014 to 2019. Given the current timeline, it will be too tight to expect the project on commercial production by 2019. In case the project gets delayed beyond October 2019, due to factors beyond the control of project proponent, how will the pricing be decided for the urea produced from the new unit?	The NIP 2012 as amended is applicable till 2019. Being a policy matter, applicability of the NIP 2012 beyond 2019 cannot be commented at this stage.
8	Policy support post 2027 i.e. after 8 years from commissioning	Supposing the plant gets commissioned by October 2019, it will get pricing support from Govt. for 8 years i.e. till 2027. What support in terms of Urea price will be given by Govt post 2027? What will be policy norms on expiry of current NIP 2012 at the end of FY 2019?	The support in terms of urea price beyond the period prescribed in the policy would be governed as per the policy prevailing at that point of time. This project would be covered under NIP-2012 norms. Being a policy matter, applicability of the NIP 2012 beyond 2019 cannot be commented at this stage.
9	Use of Coal gas instead of Natural Gas	Coal to Urea production through Coal Gasification route is now largely employed in China as a strategic initiative to reduce its dependence on other countries. Would you support coal based urea production for the revival of FCIL Gorakhpur/ any upcoming Sick PSU Fertilizers?	The Gorakhpur Project is proposed to be based on Natural Gas only. The Selected Bidder will also be required to execute a Gas Transportation Agreement with GAIL, draft of which shall be provided during the Bid Stage.
10	Status of Daman NG Field of ONGC	What's the current status of Daman NG Field of ONGC? How do you ensure Natural Gas supply in case Daman Natural gas Field couldn't supply the required gas by the time the plant gets commissioned? What mechanism is proposed to be provided to the investor for risk coverage/ contingency post declaration of CoD/project completion, in-case of non-	Status is enclosed as Annexure A. The project proponent would have to enter in GTA with GAIL. As per the guidelines on pooling of gas in Fertilizer (Urea) sector, notified by MoPNG, all grid connected Urea manufacturing plants shall be provided natural gas at a uniform pooled price by pooling domestic gas with imported RLNG for

		availability of feedstock gas?	<p>manufacturing Urea.</p> <p>After commissioning of Gorakhpur fertilizer plant and its connectivity with the gas grid, the same will also be covered under pooling mechanism and would be supplied gas at uniform delivered price irrespective of domestic gas allocation / supply for manufacturing Urea.</p>
11	Delay in proposed Gas Pipeline by GAIL	<p>How the project proponent be compensated, if the required pipeline is not in place by the time the plant gets commissioned?</p> <p>What is the current construction/development status of JHPL gas pipeline (including spur lines) linked to FCIL Gorakhpur?</p>	<p>Empowered Committee has been set up to monitor and ensure synchronized completion of gas pipeline with fertilizer plant.</p> <p>Status is enclosed as Annexure B.</p>
12	Supply of Natural Gas post closure of Daman Gas Field	What support would be provided for NG supply when the presently available Natural Gas from Daman Gas ceases its operation in 2028?	The project proponent would have to enter in GTA with GAIL. As per the guidelines on pooling of gas in Fertilizer (Urea) sector, notified by MoPNG, all grid connected Urea manufacturing plants shall be provided natural gas at a uniform pooled price by pooling domestic gas with imported RLNG for manufacturing Urea. The support for Natural Gas at any time would be governed by prevailing policy in the matter.
13	Applicable Gas Pricing	Will the feedstock be provided at APM Price?	Pricing of Gas shall be applicable as per the prevailing policy. As per the current policy, gas to all Urea players is to be provided on a uniform pooled price.
14	Tax Incentive	Any Tax incentives/Tax holiday support from Central Govt. for this project?	No additional tax benefit from what are available for such projects(at both Central and State level) has been announced for this Project.

15	Past liabilities and encumbrances, if any	Will the selected bidder be transferred the asset free of all encumbrances and past liabilities?	<p>Peaceful possession of encumbrance free land (on lease basis) shall be provided to the Selected Bidder. All assets on the identified land shall also be transferred to the Selected Bidder. The transfer of land shall be in accordance with law and as per terms, if so required, agreed to by the State Government</p> <p>Any past liabilities on land and assets shall be on account of FCIL.</p>
16	Contents of Bid Pack	Tentative list of documents that will be provided along with issue of RfP for due-diligence/ review by Lenders	<p>List of documents to be provided at the Bid Stage will include the following:</p> <ul style="list-style-type: none"> • Request for Proposal • Draft Agreement / Contract for award of Project • Draft Lease Agreement • Draft Gas Transportation Agreement • Support documents for allocation of gas • Any other supplementary document, as applicable

Subject: Response to queries raised by potential bidders for Gorakhpur Unit

This has reference MoP&NG letter no. 27011/38/2014-ONG-II dated 17th September, 2015 on the above mentioned subject matter from the Ministry of Petroleum & Natural Gas, therewith forwarding a letter from the Department of Fertilizers dated 16th September requesting the 'Current status of the Daman NG Field Project'.

The status of the Daman Development project is as follows:

1. ONGC has approved an investment of Rs. 5219 crore towards Daman Development Project to enhance production of Gas and Condensate from the Tapti-Daman Block in the Western Offshore. The project includes additional development of C-24 field and monetization of B-12 marginal fields (B-12-11, B-12-13 and B-12-15).
2. The offshore engineering part of the project will be completed in two phases. Phase-I, comprising of two new well head platforms, one new riser platform, modifications of existing one riser platform (C24-P1) and Tapti Process facilities (TPP/TCPP Platforms) will be completed in April, 2016. The Phase-II of the Project, comprising of remaining five new wellhead platforms will be completed by March, 2017.
3. Accordingly, drilling of wells is scheduled to start in April, 2016 and the production is scheduled to commence in July, 2016.
4. After completion of all the platforms and drilling of total 28 wells in 2018-19, the production will gradually ramp up. The year-wise average gas and condensate production from Daman field is envisaged as under:

Year	Estimated Average Gas Production (MMSCMD)	Estimated Average Condensate Production (BCPD)
2016-17	1.11	4391
2017-18	5.51	8218
2018-19	7.34	8919
2019-20	8.00	9316
2020-21	8.35	9278
2021-22	8.03	8681
2022-23	7.22	7838
2023-24	6.50	7218
2024-25	5.87	6547
2025-26	5.31	5288
2026-27	4.14	3946
2027-28	3.07	2794
2028-29	2.17	1625
2029-30	1.27	893

(MMSCMD= Million Standard Cubic Meter per day; BCPD= Barrels of Condensate per day)

5. The cumulative production from this project is pegged at 27.67 Billion Cubic Meter of gas and about 5 Million Cubic Meter of condensate. The gas and condensate will be evacuated to ONGC's Hazira Plant through the Tapti Process facilities (TCPP/TPP platforms), currently being jointly operated by BG India, RIL and ONGC. The takeover of TCPP/TPP platforms has been approved by the Administrative Ministry as well as ONGC Board.
6. Daman Development Project activities are progressing as per its schedule. As on 16th September, 2015, the overall engineering progress of the project for offshore facilities and pipelines is 18.15% against the planned target of 17.88%. Drilling rigs have been identified and their deployment has been firmed up for timely drilling of wells.
7. The takeover process of Tapti Process facilities (TPP/TCPP Platforms) of PMT JV is also progressing as per schedule. The Draft Tapti Asset Transfer Agreement (TATA) is in final stages of discussion at the Asset level. As per PMT JV the cessation of Production of their Tapti field is likely to happen by October, 2015 as anticipated. ONGC is likely to takeover the facilities by December, 2015.
8. The overall progress of the project is being closely monitored by the Asset Manager & Project team along with the Project Monitoring Office (PMO), New Delhi in professional consultation with a reputed third party agency.

Status of Jagdishpur Haldia Pipeline

Jagdishpur Haldia Pipeline project (Phase I) has been approved by GAIL Board on 09th March 2015 and is being executed in two parts as per following details:

Part A:

Spurlines:

HFC / IOCL Barauni Spurline - 24" X 163 Km, 12" X 8 Km

CGS Patna Spurline - 12" X 65 Km

Part B:

Mainline:

Phulpur to Dobhi - 30" X 341 Km

Spurlines:

FCI Gorakhpur - 18" X 163.2 Km,

CGS Varanasi - 8" X 15 Km

Current Status:

- PMC for entire Phase-I has been appointed and Construction activities for Part A have already started.
- For Part- B (including Spurline to FCI Gorakhpur), design engineering is under progress and laying tender is targeted to be floated by Jan '16 and award by July '16.
- Start of Part-B is expected from Oct' 16 on the assessment that the agency for revival of Gorakhpur Fertilizer plant will be finalized by Mar' 16 and the pipeline will be completed by Dec' 18. As such, GAIL will synchronize the start and completion of Part-B construction activities with revival of Gorakhpur plant.
