



PM Cell – MM

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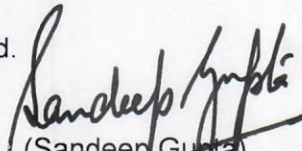
Sub: Extension of Contract duration in case De-Hiring of Rigs falls during Monsoon Period.

Reference is invited to Clause No. 1.3 under heading "DURATION" of MCC of MM/03, wherein it is stipulated that the Agreement will be automatically extended, under the same rates, terms and conditions to cover the time necessary to complete or abandon, to the satisfaction of Operator, the Well in progress at the end of the Primary Term of the Agreement or extension thereof, as the case may be.

During deliberation in one of the cases in EPC, Work Centre proposed that in order to utilize the rigs getting de-hired during the monsoon period and if the requirement exists or arises during course of operations at the platform/ location, some provision need to be incorporated in contract, which would enable ONGC to utilize the rig during monsoon period to complete the required work load, provided the rates are reasonable. EPC opined that it would be prudent to process proposals for extension of contract period to cover the monsoon period on case to case basis based on the merits of individual case rather than through a provision built into the contract.

In this context, all concerned are advised that to meet the requirement during monsoon period after completion of contract period and after de-hiring of Rigs, such proposals can be processed on case to case basis by awarding the contract on nomination basis. Therefore, in case primary period of the contract expires during Monsoon Period or last well in progress ends during Monsoon Period (i.e. de-hiring of Rig falls during Monsoon period) and if work load is remaining on the platform/location for which such Rig can be utilized, then the work requirement may be met by awarding the contract on nomination basis to meet such requirement during Monsoon period at same terms & conditions. As regards rates, contract may be awarded at either the same rates or reduced negotiated rates, considering the market scenario. While awarding the contract on nomination basis, provision under para 8.5 of IMM Manual are required be followed.

Above guidelines should be meticulously followed by all concerned.


(Sandeep Gupta)
ED-Chief MM Services
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