



PMC Cell – MM

## Oil and Natural Gas Corporation Ltd

Corporate Materials Management  
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**Sub: Extension of existing contract for charter hire of rigs.**

Reference is invited to provisions under para 1.3 of Standard Booklet No. MM/03 pertaining to model contract conditions for charter hire of rigs.

In an ongoing Contract for Charter Hire of Rigs while utilizing provisions of clause 1.3(c), one of the work Centres has sought approval of EPC for adding the Unpaid Period of Break-Down/Dry- Dock/ Repair time to the Primary Term at the rates lower than the existing rates of the contract.

EPC, in its meeting (13/2018) held on 01.06.2018 deliberated on the issue and was of the view that there is a robust process of carrying out due diligence of the rates discovered through a tendering process and contracts are awarded with the approval of competent Purchase Authority after ascertaining the reasonability of rates received in a tender based on comparison with cost estimates, LPR, prevailing market trends, etc. Thus, extension of the tenure of an ongoing contract by exercising relevant provision of the contract but at lower rates of another contract that was awarded with the approval of competent authority, does not require approval of EPC. All are advised that such proposals shall be put up for approval of Director concerned as a post contract issue.

Above guidelines should be meticulously followed by all concerned.

*Ashwini Nagia* 2/7/18

(Ashwini Nagia)  
ED-Chief MM Services

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