



PMC Cell – MM

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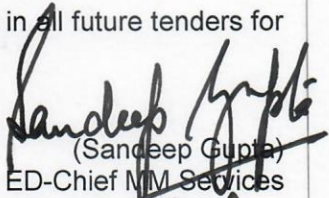
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Dated: 20.10.2022

Sub: Modifications in provisions in the Standard Booklet No. ONGC/MM/03 for Charter Hire of Offshore Rigs

EPC in its meeting (20/2022) held on 23.09.2022 approved certain modifications in the provisions of the standard Booklet No. ONGC/MM/03 for Charter Hire of Offshore Rigs, which are attached as Annexure-1.

All concerned are advised to follow above instructions meticulously in all future tenders for Charter Hire of Offshore Rigs.


(Sandeep Gupta)
ED-Chief MM Services

Distribution: (Through ONGC's intranet website 'reports.ongc.co.in').

All concerned may download the circular from the site. Hard copies are not distributed separately.

Annexure-1

Statement showing existing vis-à-vis modified provisions of Standard Booklet No. ONGC/MM/03 for Charter Hire of Offshore Rigs

Clause No.	Existing Provisions	Modified Provisions
1.6.7	<p>Maximum time allowed on board the Drilling Unit for inspection of the Drilling Unit is <u>20</u> man-days (for Jack-up / Platform Rigs)/ 25 man days (for floater rigs). The Contractor has to offer the Drilling Unit for inspection on complete readiness of the Drilling Unit. In case inspection takes more than <u>20</u> man-days (for Jack-up / Platform Rigs)/ 25 man-days (for floater rigs) the cost of inspection beyond <u>20</u> man-days (for Jack-up / Platform Rigs) / 25 man days (for floater rigs) would be to the account of the Contractor.</p> <p>In case inspection team is to be mobilized subsequently, for compliance of deficiencies during the first inspection, then entire cost towards second or subsequent inspections shall be to the account of the Contractor. The charges for inspection for the period beyond <u>20</u> days (for Jack-up) / 25 days (for floater rigs) shall be paid directly by the Operator to the TPI Agency and will be recovered from the Contractor from his invoices upon commencement of contract.</p> <p>In case inspection is carried out in two stages then the cumulative cost of inspection of stages 1 & 2 upto <u>20</u> man days (for Jack-up / Platform Rigs)/ 25 man days (for floater rigs) on board the Drilling Unit shall be borne by Operator. However, all other expenses after stage -1 inspection shall be on Contractor's account. The charges for inspection for the cumulative period beyond <u>20</u> days (for Jack-up) / 25 days (for floater rigs) shall be paid directly by the Operator to the TPI Agency and will be recovered from the Contractor from his invoices upon commencement of contract.</p>	<p>Maximum time allowed on board the Drilling Unit for inspection of the Drilling Unit is <u>30</u> man-days (for Jack-up / Platform Rigs)/ 25 man days (for floater rigs). The Contractor has to offer the Drilling Unit for inspection on complete readiness of the Drilling Unit. In case inspection takes more than <u>30</u> man-days (for Jack-up / Platform Rigs)/ 25 man-days (for floater rigs) the cost of inspection beyond <u>30</u> man-days (for Jack-up / Platform Rigs) / 25 man days (for floater rigs) would be to the account of the Contractor.</p> <p>In case inspection team is to be mobilized subsequently, for compliance of deficiencies during the first inspection, then entire cost towards second or subsequent inspections shall be to the account of the Contractor. The charges for inspection for the period beyond <u>30</u> days (for Jack-up) / 25 days (for floater rigs) shall be paid directly by the Operator to the TPI Agency and will be recovered from the Contractor from his invoices upon commencement of contract.</p> <p>In case inspection is carried out in two stages then the cumulative cost of inspection of stages 1 & 2 upto <u>30</u> man-days (for Jack-up / Platform Rigs)/ 25 man days (for floater rigs) on board the Drilling Unit shall be borne by Operator. However, all other expenses after stage -1 inspection shall be on Contractor's account. The charges for inspection for the cumulative period beyond <u>30</u> days (for Jack-up) / 25 days (for floater rigs) shall be paid directly by the Operator to the TPI Agency and will be recovered from the Contractor from his invoices upon commencement of contract.</p>

14.1.3	Marine Insurance Policy shall be All risk London standard Drilling Barge form and other comparable forms or coverages used in American and foreign markets on the Drilling Unit owned or chartered by Contractor and utilised in the performance of this Agreement with policy limits equal to the value of the equipment.	Marine Insurance Policy shall be All risk London standard Drilling Barge form / <u>Nordic Plan of 2013</u> and other comparable forms or coverages used in American and foreign markets on the Drilling Unit owned or chartered by Contractor and utilised in the performance of this Agreement with policy limits equal to the value of the equipment.
15.6 of MCC	<p>15.6 CUSTOMS DUTY (BCD + IGST): -</p> <p>(applicable for Charter hire services using CONTRACTOR's capital equipment like rigs/equipment/tools/vessel etc and for petroleum operations, where concessional Customs duty is applicable as per the policy of Govt. of India in vogue).</p> <p>As per Sl. No. 404 of Customs Notification No. 50/2017-Cus dated 30.06.2017 and amended vide Customs Notification No. 02/2022-Cus dated 01.02.2022 & 40/2022-Customs dated 13.07.2022 (as amended from time to time), the goods required in relation with petroleum operation for eligible areas, as mentioned in list 33 of said notification, would attract 12% Customs Duty (BCD Nil & IGST @ 12%) subject to submission of required undertaking/ certificate.</p> <p>All imports (rigs/equipments/vessel/tool/ spares, consumables and accessories) and import clearance under the contract including payment of Customs Duty shall be the responsibility of the Contractor.</p> <p>For import of rigs/equipments/ vessel/ tool/ Chemicals/spares and accessories as specified in list 33 for execution of contract for petroleum operations, Operator will provide required undertaking/certificate to the contractor for availing concessional rate of Customs duty for import of rigs/equipments/ vessel/tool/ Chemicals/ spares and</p>	<p>15.6 CUSTOMS DUTY (BCD + IGST):</p> <p>(applicable for Charter hire services using CONTRACTOR's capital equipment like rigs/equipment/tools/vessel etc and for petroleum operations, where concessional Customs duty is applicable as per the policy of Govt. of India in vogue).</p> <p><u>The Contractor has indicated the value of Rig & Equipment as US\$ (US Dollarsonly) for customs duty purpose.</u></p> <p>As per Sl. No. 404 of Customs Notification No. 50/2017-Cus dated 30.06.2017 and amended vide Customs Notification No. 02/2022-Cus dated 01.02.2022 & 40/2022-Customs dated 13.07.2022 (as amended from time to time), the goods required in relation with petroleum operation for eligible areas, as mentioned in list 33 of said notification, would attract 12% Customs Duty (BCD Nil & IGST @ 12%) subject to submission of required undertaking/ certificate.</p> <p>All imports (rigs/equipments/vessel/tool/ spares, consumables and accessories) and import clearance under the contract including payment of Customs Duty shall be the responsibility of the Contractor.</p> <p>For import of rigs/equipments/ vessel/ tool/ Chemicals/spares and accessories as specified in list 33 for execution of contract for petroleum operations, Operator will provide required undertaking/certificate to the contractor for availing concessional rate of Customs duty for import of rigs/equipments/ vessel/tool/ Chemicals/ spares and</p>

<p>accessories as specified in list 33, as applicable. Accordingly, only concessional rate of the Customs duty for rigs/equipments/vessel/tools/ Chemicals/ spares and accessories as specified in list 33 required for operation and maintenance of equipment/rigs and equipments is to be considered while quoting. As regards, re-export of rigs/equipments/vessel/tools (owned or on lease basis) brought by the contractor (whether Indian or foreign) for petroleum operation, as the rigs/equipments/vessel/tools would be imported by the contractor with payment of concessional rate of CUSTOMS DUTY; after expiry of the contract with Operator, the contractor would have to either re-export the rigs/equipments/vessel/tools or deploy the rigs/equipments/vessel/tools for petroleum operations in areas where concessional rate of Customs Duty is applicable after getting a fresh undertaking/certificate from the Corporation, as applicable. The contractor shall also have to indemnify the Operator against any claim that may arise due to violation of the Customs Act or the Foreign Trade Policy by them. In case any rigs/equipments/vessel/tools are required to be replaced by the contractor during the execution of the contract, the Operator shall issue a fresh undertaking/certificate and bring the rigs/equipments/vessel/tools on payment of concessional rate of Customs Duty.</p> <p>All imports under the contract shall be done with Operator's prior approval only. The Contractor shall be responsible to carry out all the formalities. In case of any mis-declarations or offences committed under the Customs rules and regulations and also allied rules, duty, fine, penalty or any other charges levied by the concerned authorities on Operator shall be borne by the Contractor including the element of interest on Operator's funds blocked under such circumstances. Operator shall be indemnified by the Contractor against all actions by Govt. or any other agency for acts of commission and omission.</p>	<p>accessories as specified in list 33, as applicable. Accordingly, only concessional rate of the Customs duty for rigs/equipments/vessel/tools/ Chemicals/ spares and accessories as specified in list 33 required for operation and maintenance of equipment/rigs and equipments is to be considered while quoting. As regards, re-export of rigs/equipments/vessel/tools (owned or on lease basis) brought by the contractor (whether Indian or foreign) for petroleum operation, as the rigs/equipments/vessel/tools would be imported by the contractor with payment of concessional rate of CUSTOMS DUTY; after expiry of the contract with Operator, the contractor would have to either re-export the rigs/equipments/vessel/tools or deploy the rigs/equipments/vessel/tools for petroleum operations in areas where concessional rate of Customs Duty is applicable after getting a fresh undertaking/certificate from the Corporation, as applicable. The contractor shall also have to indemnify the Operator against any claim that may arise due to violation of the Customs Act or the Foreign Trade Policy by them. In case any rigs/equipments/vessel/tools are required to be replaced by the contractor during the execution of the contract, the Operator shall issue a fresh undertaking/certificate and bring the rigs/equipments/vessel/tools on payment of concessional rate of Customs Duty.</p> <p>All imports under the contract shall be done with Operator's prior approval only. The Contractor shall be responsible to carry out all the formalities. In case of any mis-declarations or offences committed under the Customs rules and regulations and also allied rules, duty, fine, penalty or any other charges levied by the concerned authorities on Operator shall be borne by the Contractor including the element of interest on Operator's funds blocked under such circumstances. Operator shall be indemnified by the Contractor against all actions by Govt. or any other agency for acts of commission and omission.</p>
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	<p>Contractor shall be responsible to import the rigs/equipments/vessel/tools for execution of the contract. The contractor shall undertake to complete all the formalities as required under the Customs Act / Foreign Trade Policy (FTP) and indemnify OPERATOR from all the liabilities of Customs in this regard.</p> <p>The rigs/equipments/vessel/tools imported by the Contractor for petroleum operations against the certificate/undertaking issued by OPERATOR shall not be used / deployed by the Contractor for any purpose other than the jobs arising out of the contract awarded by Operator and in the event of the rigs/equipments/vessel/tools being misused or put to use other than specified use, the Contractor shall be liable to pay duty, fine, penalty and other actions taken by the Customs department and other authorities for violation of the customs rules and regulations and other allied rules.</p> <p>Similarly in case of deployment of equipment by a contractor on ownership basis under concessional rate of Customs Duty under Sl. No. 404 of notification no. 50/2017-Cus and amended vide Customs Notification No. 02/2022-Cus dated 01.02.2022 (as amended from time to time) for ONGC contracts, if after the expiry of contract such equipment are deployed for other licensee/contractor, then the contractor has to comply with condition of the said notification and indemnify OPERATOR against any claim arising out of non-compliance of the said notification.</p> <p>The Contractor shall produce "No Due Certificate" from the Customs Department on completion of Agreement. In case Customs Department refuses to issue such a certificate to the Contractor, the Contractor shall submit an Indemnity / Undertaking to Operator as per proforma at Annexure – II (Appendix -2) of tender document.</p>	<p>Contractor shall be responsible to import the rigs/equipments/vessel/tools for execution of the contract. The contractor shall undertake to complete all the formalities as required under the Customs Act / Foreign Trade Policy (FTP) and indemnify OPERATOR from all the liabilities of Customs in this regard.</p> <p>The rigs/equipments/vessel/tools imported by the Contractor for petroleum operations against the certificate/undertaking issued by OPERATOR shall not be used / deployed by the Contractor for any purpose other than the jobs arising out of the contract awarded by Operator and in the event of the rigs/equipments/vessel/ tools being misused or put to use other than specified use, the Contractor shall be liable to pay duty, fine, penalty and other actions taken by the Customs department and other authorities for violation of the customs rules and regulations and other allied rules.</p> <p>Similarly in case of deployment of equipment by a contractor on ownership basis under concessional rate of Customs Duty under Sl. No. 404 of notification no. 50/2017-Cus and amended vide Customs Notification No. 02/2022-Cus dated 01.02.2022 (as amended from time to time) for ONGC contracts, if after the expiry of contract such equipment are deployed for other licensee/contractor, then the contractor has to comply with condition of the said notification and indemnify OPERATOR against any claim arising out of non-compliance of the said notification.</p> <p>The Contractor shall produce "No Due Certificate" from the Customs Department on completion of Agreement. In case Customs Department refuses to issue such a certificate to the Contractor, the Contractor shall submit an Indemnity / Undertaking to Operator as per proforma at Annexure – II (Appendix -2) of tender document.</p>
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		<p><u>(i) To pay integrated tax leviable under section 5(1) of the IGST Act, 2017 on supply of service covered by item 1(b) or 5 (f) of Schedule II of the Central Goods and services Tax Act 2017.</u></p> <p><u>(ii) Not to sell or part with the goods without prior permission of the Commissioner of customs of the port of importation.</u></p> <p><u>(iii) To re-export goods within 03 months from expiry of period for which they were supplied under a transaction covered by item 1(b) or 5(f) of Schedule II of the Central Goods and services Tax Act 2017.</u></p> <p><u>(iv) To pay on demand an amount equal to the integrated tax payable in the event of violation of any of the above.</u></p> <p><u>Further, there is another Customs Notification No. 72/2017-Cus dated 16.08.2017 which also provides for exemption from levy of whole of IGST on temporary import of specified goods on lease basis by importer subject to payment of proportionate customs duty on execution of a bond with bank guarantee as specified therein.</u></p> <p><u>Accordingly, the import of Offshore Drilling Rig, inter-alia, on lease for oil or gas exploration and production after importation, would be exempted from IGST at the time of import, subject to compliance of the conditions, as applicable.</u></p> <p><u>As the above statutory provisions are frequently reviewed by the Govt., the Contractor is advised to check the latest position in their own interest and Operator will not bear any responsibilities for any incorrect assessment of the statutory levies by Contractor.</u></p>
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