

<b>Name:</b>	
<b>Enrolment No:</b>	

**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**

**End Semester Examination, December 2018**

**Course: Oil & Gas Law & Policy (Upstream)**

**Course Code: LLBD411**

**Semester: VII**

**Programme: BA. LL.B (Hons) Energy Laws**

**Time: 03 hrs.**

**Max. Marks: 100**

**Instructions: Read the questions properly and answer briefly with proper analysis and case, where relevant**

**SECTION A**

Section A-Objective type / Short Answer type memory based general questions (Any 5 questions)		Marks	CO
Q 1	What is a Production Sharing Contract (PSC)?	2	CO2
Q2	What is a Profit Petroleum?	2	CO2
Q3	What is a Reconnaissance Contract?	2	CO2
Q4	Who is Cost Petroleum?	2	CO2
Q5	What is an open acreage policy?	2	CO2
Q6	What is ownership-in-place theory?	2	CO2

**SECTION B - Short answer type Conceptual questions (Any 2 questions)**

Q1	What are various take that the Contractor and the Government are entitled under the PSC?	10	CO3
Q2	Under the PSC, Pre-Tax Investment Multiple (PTIM) is used to share Profit Petroleum between the contractor and the Government. What is PTIM? What are the issues with PTIM?	10	CO3
Q3	What are the various management and operational issues faced by the contractor under the PSC?	10	CO4

**SECTION-C Analytical questions (Any 2 questions) 2 x 10 = 20 marks**

Q 1	Many Governments believe that International Oil Companies (IOC) reap windfall profit in the climate of high-energy prices and unfairly benefited from the terms of their PSC. On the other hand, the IOCs are of the opinion that they take all the risk of	10	CO3
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	exploring new frontiers, the risks of a dry hole and unrecoverable costs. In view of the above statements, how could the Government and IOC best protect their interest against each other?		
Q 2	In view of the existing social, economic and political situation, is Revenue Sharing Contract the best way forward for India to attract investment and achieve economic development? Elaborate.	10	CO4
Q 3	Unlike other commodities, Oil and Gas have had an erratic history of blessings and shocks. What according to you is the reason for this unpredictability? Elaborate	10	CO3
<b>SECTION-D/</b> Application based case study (Answer any 1) - 50 marks			
Q 1	<p>A, B and C have entered into a production sharing contract (PSC) with the Government of India for an offshore block X of the coast of Bengal. A has been appointed as the operator for the block under the PSC and has been carrying out operations for the last 3 years. A while carrying out its Minimum Work Program (MWP) struck oil in the block X. A had discovered oil prior to the completion of MWP and has now approached the Government for waiver (of the remaining MWP) as no additional work is required in view of the discovery already made on the block.</p> <p>In view of the above, answer the following (10 X 5 =50 marks):</p> <ol style="list-style-type: none"> <li>1) What are the qualification required for a contractor to be eligible to be an operator under NELP IX, Notice Inviting Offer, and its relevance?</li> <li>2) What is the role of an operator vis-à-vis the other contractors and the Government?</li> <li>3) What is MWP and issues with MWP under PSC? What is the liability of the contractor for failure to complete the MWP?</li> <li>4) What are the difference between exploration period and development period?</li> <li>5) How does the Government of India propose to protect and promote the domestic oil and gas industry through PSC?</li> </ol>		CO3 & CO4
Q 2	<p>To undertake various petroleum operation A on behalf of the contractors have entered into various contracts. This includes a seismic survey contract with Q, a drilling contract with Z and a supply of utilities contract with Y. In view of the liability under the PSC A has entered into relevant risk allocation measure in the respective contracts with the sub-contractors Q, Z and Y. In view of the above, answer the following: (50 marks)</p> <ol style="list-style-type: none"> <li>a) What are the various risk allocation measures provided under the PSC and in law to protect the interest of the Government and the Contractor?</li> </ol>		CO3 & CO4

	<p>b) What type of indemnity clause should A have with respect to each of its contractors, Q, Z and Y? What is the relevance of such indemnity clause in oil and gas contracts? Analyze with case laws.</p> <p>c) It has come to A's notice that each of its contractors has further sub-contracted its obligation to various smaller contractors. How would A ensure that it is protected against each of such sub-contractors with whom A has no direct relationships? Will such indemnity be able to absolutely protect A against all claims? Explain.</p> <p>d) What are the guidelines issued by the English courts in drafting of indemnity clause in oil and gas contracts?</p> <p>(e) Draft a typical Knock-for-Knock Indemnity clause?</p>		
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**SECTION A**

	Section A-Objective type / Short Answer type memory based general questions (Any 5 questions)	Marks	CO
Q 1	What is New Exploration and Licensing Policy?	2	CO2
Q2	What is Open Acreage Policy?	2	CO2
Q3	What are the constitutional provisions which give power to the State and	2	CO2
Q4	Central Government with respected to hydrocarbon what are the principle legislations governing the upstream oil and gas sector in India?	2	CO2
Q5	What is Reconnaissance Contract?	2	CO2
Q6	What is the difference between breach and indemnity of contract?	2	CO2

**SECTION B - Short answer type Conceptual questions (Any 2 questions)**

Q1	What are the issues with the Minimum Work Program under the PSC/NELP?	10	CO3
Q2	What are the various take of the contractor and the Government under the PSC? Explain.	10	CO3
Q3	What are the various management and operational issues faced by the contractor under the PSC?	10	CO4

**SECTION-C Analytical questions (Any 2 questions) 2 x 10 = 20 marks**

Q 1	How is Hydrocarbon Exploration and Licensing Policy different from New Exploration and Licensing Policy, and what does it propose to achieve?	10	CO3
Q 2	How the Indian judiciary has proposes to protect and promote the upstream oil and gas sector in India? Critically analyze	10	CO4
Q 3	How does PSC propose to maintain balance between return on investment to the contractor/investor and sustainable development of domestic industry? Elaborate.	10	CO3
<b>SECTION-D/ Application based case study (Answer any 5) - 50 marks</b>			
Q 1	<p>Operator W, has entered into various contracts for the purpose of petroleum operations, amongst which, A proposes to undertake seismic study, Y propose to undertake drilling operation and Z proposes to undertake the supply of maintenance personal for the rig. In view of the above answer the following: 5 x 10 = 50</p> <p>a) What are the various qualification required for a contractor to be qualified as an operator under NELP IX?</p> <p>b) Which are the salient features of NELP?</p> <p>c) What type of indemnity clause should W have with each of its contractors? Explain its relevance.</p> <p>d) What are the guidelines issued by the English courts in drafting of indemnity clause in oil and gas contracts? Explain with reference to a case law.</p> <p>e) With the coming of the new Government in India, with is pro nationals, W is concerned about the changes that may be made in Government Policies. As a legal adviser how would you comfort W, or what protection can W claim against such change in policy, under NELP and in law?</p> <p>f) W has failed to complete its Minimum Work Program (MWP) within the exploration period provided in the PSC. W has approached the Government claiming extension of time for the same. What is MWP, and what are the consequences for failure to complete the MWP? What are the typical issues faced by contractor under PSC with respect to MWP and timeline?</p>		CO3 & CO4