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<u>Interaction with EPC Contractors of Oil & Gas Sector</u> Execution of Projects in LSTK mode through EPC contracts

Dear Sir/Madam,

Oil India limited (OIL), is a premier Indian "Navaratna" National Oil Company engaged in the business of exploration, development and production of crude oil and natural gas, transportation of crude oil and production of LPG. OIL has over one lakh sq km of PEL/ML areas for its exploration and production activities, most of it is in the Northeast India, which accounts for its entire crude oil production and majority of gas production. Rajasthan is the other producing area of OIL, contributing 10 per cent of its total gas production. OIL also has participating interest in NELP exploration blocks in Mahanadi Offshore, Mumbai Deep-water, Krishna Godavari Deep-water, etc. as well as various overseas projects.

As a part of OIL's continuous endeavor for increasing Oil & Gas production for the Country, which in turn will contribute to Honorable Prime Minister's vision for 10% reduction in import of Oil & Gas by 2022, OIL in the recent past has embarked upon number of major projects under infrastructure development for production activities in its producing fields. The total cost of these projects amounts to more than Rs. 2000 Crores. The execution methodology for all these projects as adopted by OIL is LSTK/EPC mode to ensure quality & timely execution. Also, OIL in the immediate future due to its focus on increased exploration activities will have to make itself ready with new production surface facilities through execution of time bound projects in LSTK/EPC mode to produce more Oil & Gas.

OIL strongly feels that, many factors influence failure and success of a project and contractor selection is one of the prominent reasons amongst those. A wrong selection of contractor not only results in time and cost overruns, it also affects overall project results in terms of safety, quality, environmental safeguard, owner satisfaction, technical performance and litigations. For selection of a right contractor through bidding process, the primary requirement is the proper bid-document. For the same, world over standard

bidding documents have been developed by the owners. Some of the important criteria that researchers have suggested, and that are also in practice are overall and similar experience, available bid capacity, financial capacity, availability of tools, plants and equipment for the given project, managerial capability, ability to delivery work with desired quality while maintaining safety.

In line with above and in pursuit for timely execution of projects, OIL have now decided that time has come to critically review the bid documents and bidding process besides improving contract administration. Accordingly, OIL has modelled a revised set of bid qualification criteria for selection of EPC contractors to execute future projects of OIL in LSTK/EPC mode.

With the above in backdrop, we invite your esteemed organization for an informal interaction with us on **21/05/2018** at **10:00AM** at Corporate Office of Oil India Limited in Noida. The interaction is basically to present and discuss the new set of qualification criteria that we propose to introduce in our forthcoming tenders to get the opportunity to work with bidders like you in future and also to make you understand our intended thought process in a better & transparent way. The interaction is also aimed at taking your valuable feedbacks on our above endeavor and also to learn from your firms experience and expectations from OIL.

The venue of the interaction program will be –

"Tamarind"
Habitat world, at India Habitat Centre,
Lodhi road
New Delhi-110003
(Entry from gate number 1 on Lodhi Road)

The contact person at our Noida office will be Shri Amlan Paul, CGM(C&P).

The interaction will be followed by Lunch. We will be obliged if you confirm your presence for the above vide a return mail at the following email ID"s: ppadhyapak@oilindia.in – P.P Adhyapak, DGM (Projects) shantanukr_gogoi@oilindia.in – S.K Gogoi, GM (C&P-Projects)

Please indicate the number of personnel to be present in the meeting from your end with names and designation.

Yours Sincerely, Oil India Limited

(Dilip Kr. Das)
<u>Chief General Manager(Projects)</u>
For Resident Chief Executive