



## **Sun Petrochemicals Private Limited**

**(SunPetro)**

**Commercial & Supply Chain Management**

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**No. Sunpetro/Hazira/Gas Sale/2022-23/SPPL-129/Bulletin-2**

**Date: 08.11.2022**

### **BULLETIN #2**

**Sub: Sale of Natural Gas from SunPetro's Hazira field in Gujarat**

**Ref: Tender/RFP No.: SunPetro/Hazira/Gas Sale/2022-23/SPPL-129**

Sun Petrochemicals Private Limited (SunPetro), hereby authorized following amendment / clarification in the above referred RFP:

<b>Sr. No</b>	<b>Bidder Query</b>	<b>SunPetro Response</b>
1.	<p>Delivery Point is mentioned as "Hazira deliver point". Please confirm in which pipeline of GAIL is this connected.</p> <p>Delivery Point: Is it connected to GAIL HVJ or GSPL Pipeline?</p> <p>Can we have perfect address of the place of gas offtake??</p> <p>This is with the reference to the RFP (Tender no-SunPetro/Hazira/Gas Sale/2022-23/SPPL-129) for sale of natural gas from SunPetro's Hazira Field. You are kindly requested to provide the details of natural gas pipeline connectivity to the delivery point- Hazira Delivery Point as mentioned in the RFP.</p>	<p>Delivery point indicated at page 13 of 15 of RFP is located inside SunPetro's oil &amp; gas facility at Hazira. Delivery point is outlet flange at Seller's facility and connected with GSPL pipeline presently. Coordinates of our delivery point are 21° 5'17.45"N &amp; 72°38'35.25"E.</p> <p>As per our knowledge it is not connected with GAIL pipeline.</p>
2.	<p>Requirement may kindly be reviewed and rescind. (Bid Bond)</p>	<p>As per RFP &amp; Model Agreement.</p>
3.	<p>Minimum Bid for Premium "P" shall be 0.5 USD/MMBTU must be removed.</p> <p>kindly consider Minimum Bid for Premium "P" of 0.10 USD/MMBTU and 0.10 USD/MMBTU thereafter</p>	<p>Premium proposed is minimum as per market conditions, however we agree to reduce it to 0.10 USD/MMBTU.</p>

4.	Both the party hereby further agree to extend the period of the contract by mutual agreement which will coincide with the validity of Production Sharing Contract signed between the SELLER and Government of India for the Hazira Field. Is the extension proposed on same terms?	Extension of Agreement, if any will be as per Model agreement terms & conditions.
5.	If Seller wants to terminate the contract, the same can be done by giving advance notice of 3 month to the Buyer. Why Seller only can terminate the Agreement? If this option is made available, it should be for both parties to maintain equitable position.	As per RFP & Model Agreement.
6.	The SELLER shall supply GAS to the BUYER at a gauge pressure of about thirtyeight(38) Kg/cm2 at the Hazira Delivery Point. This must be acceptable to Gas Transporters and be included as a Condition Precedent for the Model Agreement.	This is the maximum pressure at which gas is available at our Delivery point. Anything beyond this point, Buyer has to make arrangements.
7.	Parties agree that during the Term of this CONTRACT, the supply of gas shall be on a best efforts basis or reasonable endeavour basis and therefore the sale and purchase of Gas shall not be on a take or pay basis nor with any compensation for delivery default by SELLER. Seller may share the Gas availability based on which the Buyer shall make Transportation arrangements and alternative sources of supply. Also the scenario wherein the Buyer is unable to offtake Gas may be enumerated.	Hazira Field is in operation since last 27 years and Seller is putting best efforts to improve gas recovery, still uncertainty of reservoirs remains.  Model agreement clause remains unchanged. <b>Buyer is required to offtake entire available Gas for sale on daily Basis. For non-lifting of gas beyond any agreed shutdown period, invoicing will be based on average of last three days, wherein gas sold is equivalent to available gas for sale.</b>
8.	The scheduled shutdown of GAS supply on both sides shall be limited, in each case, to a maximum of fifteen (15) days in a financial year. It is interpreted that the shutdown provision shall be available for both parties individually.	Model agreement clause remains unchanged.
9.	The SELLER shall allow the BUYER to avail Sales Tax Exemptions/Concessions under the incentive scheme of the Government of Gujarat and/or Government of India. As provided in such incentive schemes, the SELLER shall charge Sales Tax at rate as applicable under the incentive scheme from time to time to be communicated by BUYER to SELLER. Buyer intends to use the Gas for non-Fertilizer purposes and shall therefore be charged GJ VAT at 6%.	Tax will be applicable as per guidelines.

10.	Payment Security amount equivalent to the sum of 60 (Sixty) days of Gas supplies. It may be reduced to 30days. Further, Buyer shall bear all expenses and bank charges related to issuing Bank only in connection with establishment of such Payment Security. The BG shall be valid for 3 Years and 60 days or for One Year and 60 Days on auto renewal basis for each year and shall be renewed fifteen (15) days before its expiry of primary term (1 Year). Validity of BG must be restricted to 15days post termination/ expiry of Agreement between the parties. Also Payment Security shall not be a revolving credit and subject to a maximum aggregate liability for the Bank.	As per Model Agreement.  Yes Buyer shall bear all the expenses & bank charges related to Bank Guarantee.
11.	The Payment Security shall be liable to be invoked for encashment If the Buyer fails to lift the Gas as per Contract. This is not acceptable for an Agreement of Reasonable Endeavour basis.	As per Model Agreement.
12.	Transfer of Rights: Written consent of the other party is required.	Model agreement clause remains unchanged.
13.	Suspension and Termination: Seller may suspend delivery of Gas, upon five (5) Business Days' notice to Buyer, in any of the following circumstances; If the Buyer fails to lift the Gas except scheduled shutdown period (not exceeding 15 days) as per Article 9, clause no.9.01. This is not acceptable for an Agreement on Reasoable Endeavour basis.	As per Model Agreement.
14.	The Proforma of Performance Bank Guarantee is subject to modifications as per acceptable formats in Bank of Baroda.	Proforma of Performance Bank Guarantee is attached. If required, Bidder may get it vetted through its Bank.
15.	Is there any chance to extend offtake time??atleast 6 months to establish any manufacturing facility.or 15000 scmd in 6 months and next 15000 scmd after 6 month	RFP & Model Agreement terms & conditions to be followed
16.	Can we extend or renew our contract after 2 years??As we establish industry for long term.	RFP & Model Agreement terms & conditions to be followed
17.	As mentioned we have to bid for 30000 scmd only??Can we bid for lower quantity like 10000 scmd??	RFP & Model Agreement terms & conditions to be followed
18.	However would like to know the supply Rate, Volume ( Qty.) and where it will be supplied.	Supply Rate: 30000 SCM/Day Daily Volume: 30,000 SCM Location of Supply/Delivery Point: Outlet Flange of SunPetro's Oil & Gas Facility at Hazira as indicated at page 13 of 15 (Annexure-II) of RFQ  <b>Note:</b> SunPetro is planning to take up workover operations for few wells and quantity of Gas may reach about 100000 SCM/Day, however this quantity cannot be committed as on date.

19.	Bidder would like to inform you that we are ready for bidding process @8.57\$ Basic Rate + Premium. Extra 4\$ on above is not acceptable to us. So kindly pl confirm for doing needful in bidding process from our end.	Bidder understanding is not correct, please refer clause No. 6.1, page 9 of 15 of RFP. Minimum premium to be quoted is revised to USD 0.1 and it is to be positive and in multiple of 0.1.
20.	The supply pressure is only 38 bar g at delivery point at Hazira. We require gas in Maharashtra through national Grid which is operating at higher pressure.	Pressure indicated is maximum pressure indicated at delivery point in our oil & gas facility, Bidder to make note of the same.
21.	Whether this is a new Production or whether this Gas is being sold to somebody currently? Please clarify.	Presently Gas is sold to GSPC
22.	We understand that there is no obligation to the Seller to supply gas and to the Buyer to purchase gas. Please reconsider and incorporate the obligation clauses as per Industry Standards. Since the Gas is on RE Basis, buyer shall not be able to commit the Gas supply to its customers because of its uncertainty.	RFP & Model agreement clause to be followed
23.	Kindly confirm that the Gas to be tendered shall meet the PNGRB & Transporters Operating Code. Also clarify about the provisions in case the gas supplied is off-spec.  Kindly confirm Specs of gas offered by SunPetro is acceptable by Downstream pipeline operator  <b>Kindly confirm if gas shall meet the Specifications as required under Petroleum &amp; Natural Gas Regulatory Board (Access Code for Common Carrier or Contract Carrier Natural Gas Pipelines) Regulations, 2008</b>	Specification of gas shall meet PNGRB guidelines.
24.	Please elaborate on availability of connectivity to existing gas grid pipelines	Presently Gas is being sold to GSPC from delivery point. For further transport they are responsible.
25.	what is the current operating pressure as well as design pressure in downstream pipeline connected to Delivery Point	Bidder to check downstream pressure of pipeline beyond delivery point at his end
26.	kindly consider Payment Security amounting to 30 days equivalent of gas supply instead of 60 days	Model agreement clause to be followed
27.	If contract is on Reasonable endeavor basis - i.e. no take or pay and LD then BG cannot be invoked in case of delay in offtake from start date or non-offtake during contract period	Model agreement clause to be followed
28.	Kindly incorporate suspension rights for Buyer also	Model agreement clause to be followed

29.	As per RFP, the bidder should be very well conversant with oil & gas business and must be associated with at least one such type of business for atleast 3 year. Does that mean bidder should be associated in gas consumption/ sale of gas for atleast 3 years?	Bidder to follow tender conditions.
30.	Kindly consider Avg turnover/Net worth/experience criteria for last one year	As per RFP & Model Agreement
31.	Kindly consider Avg turnover of Rs. 5 Crs. instead of Rs. 10 Cr	As per RFP & Model Agreement
32.	Kindly clarify if <b>Bid Bond needs to be in the format given in Annexure V of Model Agreement</b> , i.e. in the form of Bank Guarantee or <b>should it be a DD /Pay order/Wire transfer</b>	Bidder can submit bid bond in the format given in Annexure V in the form of Bank Guarantee or in lieu of Bid Bond in Bank Guarantee Format, bidder has an option to submit it in the form of DD/Pay Order or wire transfer directly.
33.	Typically, Bid Bond of Unsuccessful Bidders are returned within 15 days after completion of the Tendering Process. <b>Request you to follow standard timelines</b>	Bid Bond shall be returned as per RFP.
34.	<b>Kindly clarify that if in case</b> , PPAC / MOPNG ceases to publish Domestic Gas Price what will be the Price of gas under this Contract	In such scenario, New Price for remaining contractual period, if any will be mutually agreed as per market conditions.
35.	Kindly <b>clarify the purpose of defining First Fortnight</b> as it is not used any where in the Contract	The definition of First Fortnight is deleted.
36.	Kindly clarify that <b>pressure to be made available by Seller as set forth in Article 4.06 (i.e. 38 Kg/cm2g) is acceptable</b> to the relevant downstream transporter Further, it is proposed that <b>if transporter requests for a change in pressure regime at Delivery Point, Seller shall arrange to make necessary changes</b>	Bidder to note indicated pressure is maximum pressure available at delivery point at Sellers premises. Seller is not in position to make any change for upward pressure.
37.	We propose that <b>Seller needs to reimburse Buyer for liability of Ship or Pay payments under Buyer's GTA</b> with the transporter owing to Seller's failure to supply gas	Model agreement clause to be followed
38.	<b>We propose to add the following Article 6</b> - "Buyer shall use all reasonable endeavours to accept delivery of any gas that does not conform to Specification or Delivery Pressure but if after using its reasonable endeavours the Buyer is unable to accept such Gas, then the Buyer may refuse to offtake Gas that does not conform to the Specifications or Delivery Pressure.  Seller shall notify Buyer if Gas made available at the Delivery Point does not (or is likely to not) meet the Specifications or Delivery Pressure as soon	Tender clause to be followed.

	as reasonably practicable following Seller becoming aware of the same. If Buyer unknowingly accepts Gas which is out of Specifications or Delivery Pressure, Seller shall reimburse to Buyer the actual documented costs reasonably incurred and paid by Buyer to Buyer's Transporter in treating or blending such Gas as a direct consequence of such Gas having been delivered out of Specifications, provided that such claim is made within thirty (30) days of such cost being incurred by Buyer / Buyer's Transporter."	
39.	It is proposed that <b>Gas analysis reports of GC should be shared on daily basis along with flow computer gas ticket</b>	Seller will normally provide GC analysis on daily basis except in case of any malfunctioning of GC.
40.	The following revisions are proposed to the <b>Article 8</b> : Metering calibration frequency <b>shall be on monthly basis or otherwise mutually</b> agreed Flow computer & GC data <b>shall be shared during calibration time &amp; as when required</b>	Metering calibration frequency will be on quarterly basis or as mutually agreed.
41.	It is proposed that for Gas Marketers, <b>Shutdown should include Shutdown / Planned Maintenance events on downstream transporter facilities and Buyer's downstream customers' Facilities</b>	As per Article 9 of Model Agreement.
42.	Article 10.02 indicates that " <b>The GAS PRICE in MMBTU is P = A + B</b> ", while P is also referred to " <b>Premium to be quoted (P)</b> " <b>Kindly clarify</b>	It is to be considered as per clause 6 of RFP and the RFP formula will prevail in the Model Agreement.
43.	Article 10.05 mentions that "The exchange rate (Indian Rupee vs. US \$) for purposes of this contract, as and when applicable, shall be the TT selling rate of State Bank of India published rate, referred to in Article 11.02",  While Article 10.02 indicates that "Exchange Rate, USD to INR, shall be based on reference rates published by RBI on first working day of the applicable month ( <a href="https://fbil.org.in">https://fbil.org.in</a> )"  <b>Kindly clarify as to which Exchange rate shall be used for invoicing purposes</b>	The exchange rate (Indian Rupee Vs US \$) for the purpose of this contract, as and when applicable (for calculation of Gas Price in INR, for invoicing and payment etc.), shall be TT Selling rate of State Bank of India on the date of invoice. In the event, the exchange rate is not available on the date of invoice, the last rates published by SBI prior to the date of invoicing will be applicable.  Gas pricing formula to be worked out accordingly.
44.	Article 11.02 mentions that "In the event the exchange rate is not available on the invoice date the rate next posted by State Bank of India shall be applicable"  <b>Kindly clarify if "rate next posted" refers to subsequent day's rate or previous day rate.</b>	The exchange rate (Indian Rupee Vs US \$) for the purpose of this contract, as and when applicable (for calculation of Gas Price in INR, for invoicing and payment etc.), shall be TT Selling rate of State Bank of India on the date of invoice. In the event, the exchange rate is not available on the date of invoice, the last rates published by SBI prior to the date of invoicing will be applicable  Gas pricing formula to be worked out accordingly.

45.	It is suggested that for calculation of interest on all delayed payments the days should be calculated <b>from the Due Date</b> and not " <b>date of Billing</b> "	Interest calculation shall be from the due date
46.	We suggest the following revision to Article 12(d) "The Parties further agree that the Seller may seek revision in the face value of Payment Security at the end of each Month in case of any increase <u>or decrease</u> in the exchange rate and/ or Price of ten percent (10%) <del>(+/- 10%)</del> or more and / or increase / <u>decrease</u> in volume of gas and Buyer shall provide the same within seven (7) Business Days of such demand from Seller."	The amount in the Bank Guarantee will remain same without any increase / decrease.
47.	In view of the contract being on Reasonable Endeavour basis, the following provision - Article 12(i) - <b><u>needs to be deleted "(i) The Payment Security shall be liable to be invoked for encashment If the Buyer fails to lift the Gas as per Contract"</u></b>	As per RFP & Model Agreement.
48.	Provisions pertaining to Arbitration like (a) if the arbitration will be conducted by a sole arbitrator or an Arbitral Tribunal (b) Continuing Performance <b>need to be included in the Agreement</b>	Arbitration will be conducted by a Sole arbitrator. All other terms as per RFP & Model Agreement.
49.	It is proposed that, for <b>Gas Marketers, Force Majeure should include Force Majeure events on downstream transporter facilities and Buyer's downstream customers' Facilities</b>	As per RFP & Model Agreement.
50.	The following revision is proposed to Article 15.04 - "Provided that in case such period of FORCE MAJEURE lasts for more than <b>60 days</b> <del>nine (9) months</del> either party hereto shall be free to terminate the CONTRACT by a written notice of fifteen (15) days to the other Party"	If Force Majeure extends for more than 60 days, both parties will mutually discuss & agree further course of action.
51.	Provisions pertaining to (a) Mechanism for notification of FM event i.e. commencement of FM along with relevant details and evidence supporting the FM claim <b>may be provided in the Agreement</b>	The notification of FM event to be sent to concerned appointed representatives of the Seller & Buyer.
52.	<b>Kindly clarify Article 21 (A)(v) and Article 21 (A)(vii)</b> as neither are there are Anti Bribery obligations set out in the Contract and nor is the term 'Restricted Party' defined in the Contract	As per the applicable laws in India and Internationally.
53.	It is proposed that <b>Buyer may be provided reciprocal Termination rights</b> in case if (a) the Seller commits any material breach of this Agreement or (b) Seller becomes insolvent or bankrupt or makes a composition or arrangements with its creditors	Tender clause to be followed.
54.	In view of the contract being on Reasonable Endeavour basis, the following provision - Article 21(A) (viii)- <b>needs to be deleted "(viii) If the Buyer fails to lift the Gas except scheduled shutdown period (not exceeding 15 days) as per Article 9, clause no.9.01"</b>	As per RFP / Model Agreement.



55.	It is proposed that <b>relevant representations and warranties of the Buyer and Seller are set out</b> in the Agreement.	As per RFP / Model Agreement.
56.	Kindly <b>confirm if gas shall meet the Specifications as required under Petroleum &amp; Natural Gas Regulatory Board (Access Code for Common Carrier or Contract Carrier Natural Gas Pipelines) Regulations, 2008</b> It is proposed that Sampling for Hydrocarbon Dew Point shall be <b>carried out on quarterly basis at sole cost of Seller</b>	Specification of Gas shall be as per PNGRB Guidelines.  Hydrocarbon Dew Point shall be done on quarterly basis by & at cost of SunPetro.
57.	<b>Standard Clauses of GSA such as Confidentiality, Change in law, Limitation of Liability, Affiliate, Person, Government Authority, Law may be included.</b>	All the liability before Battery limit is of SunPetro and all the liability from SunPetro's delivery point is of Buyer.  Refer to clause 10.03 and 10.04 of Model Agreement pertaining to taxes for change in law.  All other terms and conditions will be as per RFP & Model Agreement.
58.	Referring to the subject tender, it has been observed that few of the annexures are missing in the RFP including the BID BOND format.	Bidder to clarify which annexure. Please refer Annexure V of Model Agreement for Bid Bond Format.