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COVER

Grey Wolf's Rig 97 drills near Columbia, Miss. Articles examining the latest initiatives and applications for downhole tools and drillpipe technology begin on page 16. A review of new completion technology applications begin on page 32 and features on offshore logistics begin on page 46.

DRILLING CONTRACTOR

CAPITAL WIRELINES



Hunt, Petty discuss Customs issues with Indian oil officials during licensing road show

Brian T Petty, Senior Vice President-Government Affairs

India NELP V (New Delhi)—IADC President Dr Lee Hunt and Senior Vice President-Government Affairs Brian T Petty met in Houston with new Indian Minister of Petroleum & Natural Gas, Mr M S Aiyar, and Mr V K Sibal, Director General of Hydrocarbons. Messrs Aiyar and Sibal were in the US to promote the latest round of India's offshore licensing, New Exploration Licensing Policy (NELP V). The NELP V road show was also slated to be presented at the 2005 SPE/IADC Drilling Conference, 23-25 Feb in Amsterdam.

Dr Hunt and Mr Petty discussed unresolved issues involving IADC members working offshore India. India is embarking on an aggressive campaign to explore its extensive offshore hydrocarbon resources and will need the best, most technologically advanced drilling equipment, particularly in deepwater, to exploit those resources. But offshore drilling contractors have encountered difficulties in dealing with Customs officials in India, and that experience operates to discourage them from seeking contracts there.

Central Board of Excise & Customs Chairman M K Zutshi accommodated IADC for a meeting on the subject in November 2002, and noted that something should be done to clarify the existing customs regime so that MODU owners do not find themselves in litigation over rig valuations.

He asked IADC to provide him with examples of other countries' approaches, which was subsequently delivered.

He also expressed the view that his office could administratively grant relief from the re-export requirements derived from the "Essentiality Certificates" issued by the Director General of Hydrocarbons, which have caused unnecessary rig moves out of India's Exclusive Economic Zone (EEZ).

The most pressing problem discussed with the officials is the system by which Customs levy duties on rigs brought into Indian territorial jurisdiction. There are instances of customs levies imposed by local representatives, which are later repudiated by central office officials, often very long after the subject rig was established and working on the Indian shelf. The resulting confusion and litigation has interrupted drilling operations and discourages companies from bringing rigs to work in Indian waters.

Another key issue is the implication of "re-export" requirements derived from the terms of "Essentiality Certificates" issued by the Directorate General of Hydrocarbons. For a drilling contractor to move a rig from one offshore block to another involving different operators sometimes requires that the rig be "exported" from Indian territory, just to be brought immediately back in.

This transit is unnecessary, expensive and poses needless risks to the rig and its crew. Such rig moves from block-to-block within the territorial waters of India should be facilitated as similar moves are everywhere else in the world. ■

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