

Model Co-development Agreement for Simultaneous Coal Mining and Coal Bed Methane (CBM) Operations in the Overlapping Areas

This Joint Agreement is made on the ----- day of -----, 20--- Between the Parties

_____ of _____
_____ of _____

(Licensee/ lessee of the block for exploration and production of CBM on one part)

and

(Allottee/lessee of block for coal mining on the other part)

Recitals

The parties sign this Agreement in order to render a framework for the activities to be taken up for coal mining and exploration & production of CBM in the overlap area in a collaborative manner with due care for safety, environment and conservation of coal and CBM resources. The Parties concur that this Agreement is in the nature of a coordination arrangement for facilitating simultaneous operations of coal mining and CBM exploration and production in overlap area. The purpose of this Agreement is to provide for:

- I. Efficient and expeditious processes under which the parties may undertake activities; simultaneously for Coal mining and CBM operations
- II. The rights of each party within the overlap area
- III. Amicable resolution of matters which are pertinent to exploration and production of CBM and coal mining in the overlap area including safety and rehabilitation

1.0 DEFINITIONS

In this Agreement, unless the contrary intention appears, the following words have the following meanings:

- 1.1. **Abandoned Mine Methane (AMM)** means Methane recovered from Coal seams of Abandoned Mines by the Coal Mining lessee or CMM from abandoned mine.

- 1.2. **Co-Exploration and Development** plans mean the plans in Schedule 1 (map of codevelopment area) and Schedule 2 (codevelopment plan) as amended in respect of operations in overlap area and shared by the respective parties in accordance with clause 3.
- 1.3. **Coal Bed Methane or CBM** means Gas (mainly Methane) contained in coal or bituminous lignite beds under reservoir condition and extracted there from during CBM Operations, but excludes CMM and AMM.
- 1.4. **Coal Mine Methane (CMM)** means methane recovered by the coal mining allottee / lessee from existing Coal mining leased areas in pre, concurrent and post-mining scenarios through vertical/inclined/ horizontal drilling.
- 1.5. **Ventilation Air Methane (VAM)** means methane emitted from coal seams that enters ventilation air and is exhausted from the ventilation shaft at a low concentration, typically in the range of 0.1% to 1.0% by volume
- 1.6. **Coal Mining Lease (CML)** means a mining lease granted for mining of coal under Mines and Minerals (Regulations and Development) Acts 1957 and Coal Bearing Areas (CBA) Act, 1957 for Govt. companies.
- 1.7. **Licensee/lessee of Block means** Party to whom Block has been allotted either for coal mining or for exploration and production of the CBM under the established procedure of the Government of India.
- 1.8. **Overlap Area** means part of the licensed/leased area overlapping for coal mining and CBM operations.
- 1.9. **Safety Management Plan** means a safety management plan that complies with provisions under relevant safety and health legislations, guidelines, instructions, standards, etc. and any applicable safety rules and statutes or statutes framed from time to time by Directorate General of Mines Safety (DGMS) / Oil Industry Safety Directorate (OISD).

2.0. RELATIONSHIP OF THE PARTIES

- 2.1. Nothing in this Agreement or any other agreement relating to the overlap area is to constitute or be deemed to constitute a partnership or joint venture between the parties for any purpose under this agreement. The parties, if they form a joint venture or alliance for their mutual benefit and discretion, will be outside the purview of this Agreement.
- 2.2. Activities within the Overlap Area

- a. The Allottee / Lessee for coal operations may undertake activities authorised

- under Coal Bearing Areas (Acquisition & Development) Act, 1957 and/ or Mines & Minerals (Development & Regulation) Act, 1957/ Mineral Concession Rules 1960 within the overlap area of Petroleum Exploration Licence/Petroleum Mining Lease (PEL/PML) granted to the Licensee/Lessee for CBM operations in that area subject to compliance with agreed and shared co-development plan of work including safety management plan without interfering with the CBM exploration or production activities or CBM facilities.
- b. Similarly Petroleum Exploration Licence (PEL) / Petroleum Mining Lease (PML) holder for CBM operations may undertake activities authorised under Oilfields (Regulations and Developments) Act, 1948 and Petroleum and Natural Gas Rules, 1959 within the overlap area of coal mining operations subject to compliance with agreed and shared plan of work including safety management plan without interfering with the coal operations or related infrastructure.
 - c. For optimal utilization of both resources harmonious exploitation is to be done. Either (I) Sequential or Phase-wise exploitation i.e. CBM gas be drained first for safe mining followed by coal mining operations or (II) Concurrent exploitation wherein mining operation are going on in top horizon, CBM recovery by directional drilling in deeper horizons may be carried out, as the case may be.
- 2.3. The co-development plan shall be submitted to Ministry of Coal (MoC) and Ministry of Petroleum & Natural Gas (MoP&NG) after due approval of Directorate General of Mines Safety (DGMS) and Directorate General of Hydrocarbons (DGH). The safety management plan for the overlap area shall be finalized after approval of DGMS and will be sent to MoC and MoP&NG for their information. All envisaged safety requirements as specified by DGMS to be implemented by the concerned parties.
- 2.4. Prior to the commencement of activities in the overlap area respective PEL, PML, Prospective License (PL), Coal Mining License (CML) holder as the case may be, shall give written notice to the other party detailing -
- a. Proposed commencement of activities;
 - b. Nature of the proposed activities;
 - c. Proposed location within overlap area where the activities will be conducted;
 - d. Notice of opening along with plan and necessary operation details including Safe Operating Procedure/Code of practice shall be submitted to DGMS at least 30 days in advance prior to commencement of new well installation

- 2.5. Subject to clause 6.1 the parties agree that they will share any information gained relevant to the activities of the other party while conducting their own activities in the overlap area. Such confidential information can only be shared with another 'third party' (for the purpose of divestment/equity dilution or asset promotion) with approval/knowledge of the Co-ordination Committee.
- 2.6. A 'Confidentiality Agreement' with the CML/PML owner and the CBM contractor has to be executed prior to sharing of above confidential information. The same is applicable if information is shared with a 'third party'.
- 2.7. Mutual Cooperation: The Parties agree to have a joint technical working team which would expedite E&P activities of CBM and mining of coal, collaboratively. The parties agree to provide free movement of either parties' personnel/associates to each other sites/facilities for data collection/discussions etc. with prior intimation in writing. The parties will ensure sharing of various equipment/ infrastructure etc. whenever possible.

3.0. CO-EXPLORATION AND DEVELOPMENT PLAN

- 3.1. The Co-Exploration & Development Plan agreed to between the parties and to be approved by DGMS and DGH for activities to be carried out in the overlap area is attached to this Agreement as Schedule- 2
- 3.2. Principles of Co-Exploration and Development Plan
 - (a) Wherever reasonably practicable the parties will plan their activities and commitments to minimise compensation events and liabilities potentially arising from the effect of future activities on the other party's assets.
 - (b) The parties will exercise a duty of care to minimise risks to current or future coal mining or CBM extraction by the other party arising from the parties' respective activities.
- 3.3. Review and Amendment of the Co-Exploration and Development Plan
 - a. The Co-Exploration and Development Plan shall identify areas proposed to be explored/ developed by either of the party and the proposed or estimated time frame required by the relevant party for the exploration and or development of that area; and identify areas proposed to be explored/ developed jointly by the parties and the proposed or estimated timeframe required by the parties
 - b. Co-Exploration and Development Plan will be reviewed at least once annually by the Coordination Committee (CC) or at more frequent intervals as may be

agreed between the parties or by the direction of Coordination Committee. That review may consider required modifications to the plan if warranted for further facilitation and convenience for carrying out activities by each of the parties and whether any additional areas within the overlap area are to be explored/ developed separately or jointly.

- c. Amendments to the Co-Exploration and Development Plan must be exercised only after mutual consent of both the parties in writing.
- d. Modifications in the plan by a party shall not adversely impact the operations and infrastructure of the other party including discharge of safety and health related obligations.
- e. The amendment and modification in approved co-exploration and development plan with suitable modification in safety management plan shall be approved by DGMS, prior to implementation.

3.4. Compliance with Co-Development Plan: The parties while carrying out activities under the Licence/Lease shall comply with the Co-Exploration and Development Plans and the Safety and environment Management plans.

3.5. The parties agree that in relation to the lease within the overlap area:

- a. Copies of any proposed initial or later plans or work programmes for lease will be provided to the other party prior to lodgement of the proposed initial or later plans or work programmes.
- b. The party proposing an initial or later development plan or work programme must ensure that the plan or programme complies with and is consistent with:
 - i. the requirements of the relevant acts for Coal / Petroleum;
 - ii. the relevant Leases/ Licenses;

3.6. Any disputes/disagreement between the parties during the Co-Development phase to be addressed as per the redressal mechanism as stated in Para 11 of the Co-development Agreement.

4.0. GAS RIGHTS

4.1. Right to extract and sale of CBM in the overlap area lies solely with the CBM Lease Holder. CML Holder for coal mining is entitled to mine coal in the overlap area provided that such coal mining is in accordance with the agreed Co-Development Plan, as amended from time to time.

- 4.2. The CML Holder is entitled to extract CMM from the coal seams in which mining is proposed for safety or for commercial use as deemed fit under relevant rules and regulations for mine safety and with the consent of CBM Lessee/ PEL Holder.

5.0. MUTUAL OBLIGATIONS

5.1. PEL Holders / CBM Lessee's Obligations

- a. Wherever reasonably practicable the PEL Holder / CBM Lessee must plan its developments and commitments to minimise liabilities potentially arising from the effect of its current or future CBM operations on the CML Holder's assets and current and future mining.
- b. The PEL Holder / CBM Lessee must exercise a duty of care to minimize risks to current or future coal mining by the CML Holder / Coal Lessee arising from its CBM drainage operations.
- c. If the PEL Holder / CBM Lessee's operations do result in the creation of operational hazards for coal mining operations, CBM Lessee must take all reasonable measures to immediately remove the hazard.
- d. If the PEL Holder / CBM Lessee is unable to remove a hazard to the CML Holder / Coal Lessee's planned mining operations, the PEL Holder / CBM Lessee will immediately notify the CML Holder / Coal Lessee and to the DGMS of the exact location and nature of the hazard and will indemnify the CML Holder / Coal Lessee for any reasonably incurred additional costs that the CML Holder / Coal Lessee incurs as a result of that hazard.

5.2. CML Holder's obligations

- a. Wherever reasonably practicable the CML holder must plan its activities so as to minimise liabilities potentially arising from the effect of its coal mining on the PEL Holder / CBM Lessee's assets.
- b. The CML Holder must exercise a duty of care to minimize risks to current or future CBM operations by the PEL Holder / CBM Lessee arising from its coal mining and vice versa.
- c. If the CML Holder's operations do result in the creation of operational hazards for the PEL Holder / CBM Lessee, CML Holder must take all reasonable measures to immediately remove such hazard.
- d. If the CML Holder is unable to remove the hazard to the CBM Lessee/ PEL Holder's operations, the CML Holder will immediately notify the PEL Holder / CBM Lessee and to the DGMS of the exact location and nature of the hazard

and will indemnify the PEL Holder / CBM Lessee for any reasonably incurred additional costs that the PEL Holder / CBM Lessee incurs as a result of that hazard.

6.0. COMMUNICATION

- 6.1. Geological Information if requested by a party, and subject to any other reasonable requirements for confidentiality, the other party will provide a copy of any relevant geological information in respect of the overlap area or any part of it to the requesting party.
- 6.2. Any geological information exchanged by the parties in accordance with this clause will be governed by the provisions of the confidentiality agreement between the PEL/PML Holder / CBM Lessee and CML Holder.

7.0. RESTORATION AND REHABILITATION

- 7.1. Within the overlap area, the CBM operator shall be responsible for taking up site restoration as per the provisions of CBM contract. Similarly, the leasee of the coal mine shall be responsible for restoration and rehabilitation of coal mines (subsidence, open casting, etc.) as per Schedule 2 of the Co-development Agreement.

8.0. SAFETY

- 8.1. General Obligations: Each party shall be responsible in carrying out its activities in safe manner and shall otherwise be responsible for all aspects of safety in the area of its license/lease and related health issues. The simultaneous operation for CBM and coal mining shall be carried out as per the approved co-developrnnent plan and safety management plan and the guidelines prescribed by DGMS from time to time.

9.0. TERM

- a. The expiry of the term or surrender of PEL and any Petroleum Lease granted to the awardee of CBM Block within the overlap area; and/or
- b. The expiry of the term or surrender of PL / Mining Lease for coal and any Mining Lease granted to the awardee of coal mining blocks within the overlap area.
- c. Change of ownership and de-allocation of license/lease.

10.0. DEFAULT AND TERMINATION

10.1. No party shall be entitled to terminate this Agreement as a result of a breach by the other party, prior to the end of the term as in clause 9.

11.0 REDRESSAL MECHANISM

11.1. Any dispute/disagreement in relation to the construction, interpretation or performance of the terms and conditions of or the obligations of the parties pursuant to this Agreement and any other matter to which the provisions of this clause are expressly applied to resolve a matter, will be resolved and determined in the manner set forth below:

11.2. CO-ORDINATION COMMITTEE

- a. To resolve the dispute/disagreement parties shall form a Co-ordination Committee (CC) by appointing two representatives each to the committee.
- b. The Co-ordination Committee shall appoint a chairperson from the representatives appointed by the parties to chair the committee. The chairperson shall be appointed for a period of one year after which time another chairperson will be appointed by the representatives to the Committee. The chairperson will not have a casting vote at meetings of the Co-ordination Committee.
- c. The Co-ordination Committee shall meet as and when required by any of the parties, to discuss and review the practical aspects of conducting the activities in the overlap area and to resolve disputes/disagreements, if any.
- d. Minutes of such meeting shall be drawn and submitted to all parties concerned including DGMS and DGH.

11.3. APPELLATE COMMITTEE

- a. In case the dispute/disagreement is not resolved by the coordination committee, the matter will be referred to the appellate committee comprising of representatives of MoC, MoP&NG, DGMS and DGH. Decision of the appellate committee will be final and binding on both the parties.

12.0. NOTICES

12.1. Any communication under or in connection with this Agreement must be in writing.

13.0. ASSIGNMENT

13.1. In case of change in assignment in any/and or both parties, fresh agreement shall be entered into by both the parties on the similar terms and conditions of the existing Co-development Agreement. Any assignment/divestment/equity dilution attempt by either party should be under intimation with the other party.

14.0. GENERAL PROVISIONS

14.1. Counterparts: This Agreement may be executed in two numbers of counterparts and by the parties on separate counterparts. Each counterpart constitutes an original of this Agreement, all of which together constitute one agreement.

15.0. GOVERNING LAW AND JURISDICTION

15.1. This Agreement and all questions arising in connection with it are governed by and will be construed in accordance with the laws of Indian Union. The parties irrevocably submit to authority of the courts having jurisdiction in the State where Coal Mines / CBM Blocks are located.

16.0. FURTHER ASSURANCES

- a. Each party agrees do all things and execute all further documents necessary to give full effect to this Agreement and refrain from doing anything that might hinder the performance of this Agreement.
- b. The parties shall not be absolved from their applicable commitments under their respective statutes/ contract with the government and they shall carry on the operations notwithstanding any dispute in relation to the operation or on the terms of this Agreement.

SCHEDULE 1: MAP OF CO-DEVELOPMENT AREA: TO BE GIVEN

SCHEDULE 2: CODEVELOPMENT PLAN: TO BE GIVEN