

DIRECTORATE OF MINES: ODISHA
BHUBANESWAR

No. MXIII (b) 27/2018 7477 /DM.,

Date 05-09-2022

From

Debidutta Biswal, IFS
Director of Mines,
Odisha, Bhubaneswar.

To

The Deputy Director of Mines-Joda/Koira/Baripada/Jajpur Road.

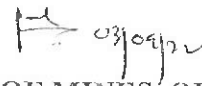
Sub: - Proposal for Amendment to MDPA in pursuant to Amendment of Act & Rules.

Sir,

In inviting a reference to the subject mentioned above, I am to say that the Govt. in Department of Steel & Mines, Odisha have communicated the approval to the Amendment proposal in Mine Development and Production Agreement (MDPA) pursuant to Section 4A (4) of MMDR (Amendment) Act, 2021 notified on 28.03.2021 and Rule 12A (2) of Minerals (Other than Atomic and Hydro Carbons Energy Mineral) Concession (Third Amendment) Rules notified on 10.06.2021 vide Govt. letter No. 7495/SM dated 02.08.2022. The copy of the said letter alongwith Amended Clause to MDPA is enclosed herewith for reference. Accordingly, the executed MDPA for the financial year'2020-21 and 2021-22 are required to be modified in respect of auctioned mining leases except the Kasia Iron & Dolomite block of M/s JSPL, Nadidihi Iron ore Block(BICO) & Nadidihi Iron & Manganese block(Fcegrade) of M/s ESL Steel Ltd.(Vedanta Ltd.).

You are, therefore, requested to take necessary follow up action for amendments to MDPA of the lessee concerned in pursuant to Amendment of Act & Rules in respect of all executed MDPA and report compliance.

Yours faithfully,



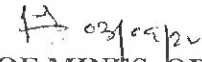
DIRECTOR OF MINES, ODISHA

Date 05-09-2022

Encl: - As above

Memo No. 7478 /DM

Copy alongwith copy of Govt. letter No. 7495/SM dated 02.08.2022 and its enclosures forwarded to the Project Head, PMU for information.

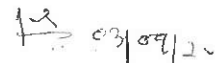


DIRECTOR OF MINES, ODISHA

Date 05-09-2022

Memo No. 7479 /DM

Copy forwarded to the Special Secretary to Govt., Department of Steel & Mines, Odisha, Bhubaneswar for kind information with reference to Govt. letter No. 7495/SM dated 02.08.2022.



DIRECTOR OF MINES, ODISHA

OSMMS DAK 84/DMO/2022

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By Email

**Government of Odisha
Steel & Mines Department**

No. 7495 /SM, Bhubaneswar, Dated the 02.08.2022
SM-MC1-MISC-0046-2021

From

Sri Abanikanta Pattanaik,
Special Secretary to Government.

To

Director of Mines,
Odisha, Bhubaneswar


Sub: Proposal for Amendments to MDPA in pursuant to Amendment of Act and Rules.

Ref: Your letter no. 5536/DM dated 29.06.2022.

Sir,

With reference to the subject and letter cited above, I am directed to communicate Government approval to the amendment proposal in Mine Development and Production Agreement (MDPA) pursuant to MMDR (Amendment) Act, 2021 and Minerals (Other than Atomic and Hydro Carbons Energy Mineral) Concession (Third Amendment) Rules for taking further action .

Yours faithfully,


Special Secretary to Government

A
D. D. D. D.
Sub-section

29/08/22

Amendment to Mine Development and Production Agreement

Clause	Existing	To be read as															
Clause 4	Table 4.3.1 <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">S. No.</th> <th style="text-align: center;">Appropriation Event</th> <th style="text-align: center;">Amount of the Performance Security to be appropriated</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2.</td> <td>Failure of the Successful Bidder to comply with the Minimum Production Requirement as required under Clause 8</td> <td>Value of the Performance Security for each failure to comply with the Minimum Production Requirement as specified in SCHEDULE D.</td> </tr> </tbody> </table>	S. No.	Appropriation Event	Amount of the Performance Security to be appropriated	2.	Failure of the Successful Bidder to comply with the Minimum Production Requirement as required under Clause 8	Value of the Performance Security for each failure to comply with the Minimum Production Requirement as specified in SCHEDULE D.	Table 4.3.1 <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">S. No.</th> <th style="text-align: center;">Appropriation Event</th> <th style="text-align: center;">Amount of the Performance Security to be appropriated</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2.</td> <td>Failure of the Successful Bidder to comply with the quarterly Minimum Production and Dispatch Requirement as required under Clause 8</td> <td>Value of the Performance Security for each failure to comply with the quarterly Minimum Production and Dispatch Requirement as specified in SCHEDULE D.</td> </tr> <tr> <td style="text-align: center;">9.</td> <td>Failure of the Successful Bidder to fully exploit mineral resources of the Mineral Block during the period of the lease</td> <td>Entire Performance Security and such other penalty as may be imposed from time to time.</td> </tr> </tbody> </table>	S. No.	Appropriation Event	Amount of the Performance Security to be appropriated	2.	Failure of the Successful Bidder to comply with the quarterly Minimum Production and Dispatch Requirement as required under Clause 8	Value of the Performance Security for each failure to comply with the quarterly Minimum Production and Dispatch Requirement as specified in SCHEDULE D.	9.	Failure of the Successful Bidder to fully exploit mineral resources of the Mineral Block during the period of the lease	Entire Performance Security and such other penalty as may be imposed from time to time.
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9.	Failure of the Successful Bidder to fully exploit mineral resources of the Mineral Block during the period of the lease	Entire Performance Security and such other penalty as may be imposed from time to time.															
Clause 4.3.4	<p>Notwithstanding anything to the contrary in this Agreement, in the event that the Successful Bidder fails to obtain the relevant Governmental Approvals necessary for commencing and conducting the mining operations within the time-period specified therefor, the State Government shall not appropriate the Performance Security and/ or terminate this Agreement or the Mining Lease, without:</p> <p>(a) Providing the Successful Bidder with a reasonable opportunity of being heard (including making written submissions in this behalf); and</p> <p>(b) In the event that the State Government decides to proceed with such appropriation and/ or termination, recording the reasons therefor in writing.</p>	Deleted															
Clause 7.1.2	In case the annual production is less than the Minimum Production Requirement specified in Clause 8, the Successful Bidder shall make	In case the quarterly dispatch is less than the Minimum Production and Dispatch Requirement specified in Clause 8, the Successful Bidder shall make payment as															

Clause	Existing	To be read as
	<p>payment on the basis of the Final Price Offer on the shortfall within 20 (twenty) days from the end of such year. For the purpose of compliance with the Minimum Production Requirement, the expression "year" shall mean the period of 12 months commencing from the effective date of Mining Lease, and each subsequent 12 month period thereafter. The Upfront Payment paid by the Successful Bidder shall be adjusted at the earliest in full against the amount payable in accordance with the per cent of Value of Mineral Despatched quoted as the Final Price Offer on commencement of production of mineral(s).</p>	<p>per Clause 8.4 within 20 (twenty) days from the end of such quarter. For the purpose of compliance with the Minimum Production and Dispatch Requirement, the expression "quarter" shall mean the period of 3 (three) months commencing from the effective date of Mining Lease, and each subsequent 3 (three) months period thereafter. The Upfront Payment paid by the Successful Bidder shall be adjusted at the earliest in full against the amount payable in accordance with the per cent of Value of Mineral Despatched quoted as the Final Price Offer on commencement of production of mineral(s).</p>
Clause 8.1	<p>The conduct of mining operations at the Lease Area shall be subject to the annual milestones listed in SCHEDULE D with respect to production (the "Minimum Production Requirement").</p>	<p>The conduct of mining operations at the Lease Area shall be subject to the annual quarterly milestones listed in SCHEDULE D with respect to production and dispatch (the "Minimum Production and Dispatch Requirement").</p>
Clause 8.2	<p>The Successful Bidder would provide periodic information to the State Government regarding compliance with the Minimum Production Requirement in the manner stipulated in Clause 5 (INFORMATION).</p>	<p>The Successful Bidder would provide periodic information to the State Government regarding compliance with the Minimum Production and Dispatch Requirement in the manner stipulated in Clause 5 (INFORMATION).</p>
Clause 8.3	<p>Any non-compliance with the Minimum Production Requirement would result in appropriation of the Performance Security in the manner stipulated in Clause 4 (PERFORMANCE SECURITY AND APPROPRIATION) and in case where non-compliance with the Minimum Production Requirement exceeds for more than five instances during the Term of the lease or occurs consecutively for three years, such non-compliance shall give the State Government a right to terminate the mining lease without prejudice to any other proceedings to be taken against the mining lease holder.</p>	<p>Any non-compliance with the quarterly Minimum Production and Dispatch Requirement would result in appropriation of the Performance Security in the manner stipulated in Clause 4 (PERFORMANCE SECURITY AND APPROPRIATION).</p>
Clause 8.4		<p>The Minimum Production and Dispatch Requirement shall be assessed on a quarterly basis. In case of shortfall in the dispatch against the Minimum Production and Dispatch Requirement, the Successful Bidder shall, in addition to the amounts payable under Rule 13 of the Auction Rules for actual dispatch, also pay to the State Government, an amount equal to the difference between the following, namely:</p>

Clause	Existing	To be read as												
		<p>(a) The amounts payable under Rule 13 of the Auction Rules for the quantity equal to the Minimum Production and Dispatch Requirement in the said quarter on the basis of the weighted average of grade of minerals dispatched during the quarter; and</p> <p>(b) The amounts paid under Rule 13 of the Auction Rules for the quantity actually dispatched in the said quarter:</p> <p>Provided that a reconciliation of the amounts paid under Rule 13 of the Auction Rules shall be done at the end of the year and on such reconciliation, if it is found that the lessee has dispatched more than or equal to the Minimum Production and Dispatch Requirement for that year as a whole, then any amount paid by the Successful Bidder for the shortfall in dispatch in any quarter or quarters of that year shall be adjusted with the amounts to be paid for the last quarter of that year:</p> <p>Provided further that the amount payable under this clause shall be in addition to any appropriation of the Performance Security for non-compliance of any Minimum Production and Dispatch Requirement under this Agreement.</p>												
Clause 8.5		Where the Successful Bidder does not maintain Minimum Production and Dispatch Requirement for the year as a whole, the State Government may terminate the Mining Lease after giving the Successful Bidder a reasonable opportunity of being heard.												
SCHEDULE D	<p>The Successful Bidder shall meet the annual Minimum Production Requirement as stated in the table below:</p> <table border="1" data-bbox="454 1161 1205 1329"> <thead> <tr> <th data-bbox="454 1161 658 1278">Year (since commencement of mining lease)</th> <th data-bbox="658 1161 826 1278">Minimum Production Requirement</th> <th data-bbox="826 1161 1205 1278">Value of Performance Security to be appropriated</th> </tr> </thead> <tbody> <tr> <td data-bbox="454 1278 658 1329">Year 1</td> <td data-bbox="658 1278 826 1329">Refer to Rule</td> <td data-bbox="826 1278 1205 1329">24% of Average sale price of relevant</td> </tr> </tbody> </table>	Year (since commencement of mining lease)	Minimum Production Requirement	Value of Performance Security to be appropriated	Year 1	Refer to Rule	24% of Average sale price of relevant	<p>The Successful Bidder shall meet the quarterly Minimum Production and Dispatch Requirement as stated in the table below:</p> <table border="1" data-bbox="1232 1174 2157 1329"> <thead> <tr> <th data-bbox="1232 1174 1449 1321">Quarter (since commencement of mining lease)</th> <th data-bbox="1449 1174 1722 1321">Minimum Production and Dispatch Requirement (pro rated quarterly for the respective quarter)</th> <th data-bbox="1722 1174 2157 1321">Value of Performance Security to be appropriated</th> </tr> </thead> <tbody> <tr> <td data-bbox="1232 1321 1449 1329"></td> <td data-bbox="1449 1321 1722 1329"></td> <td data-bbox="1722 1321 2157 1329"></td> </tr> </tbody> </table>	Quarter (since commencement of mining lease)	Minimum Production and Dispatch Requirement (pro rated quarterly for the respective quarter)	Value of Performance Security to be appropriated			
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Clause	Existing			To be read as		
		Year 2 Year 3 onwards	12A of the Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016	mineral published by IBM as applicable during the year of shortfall (multiplied by) shortfall in production [minimum production requirement (minus) actual annual production]	Quarter 1 to Quarter 8 Quarter 9 onward	Refer to (i) below Refer to (ii) below
	<p>12A-Additional conditions for commencement and continuation of production as per section 4B of the Act. –</p> <p>(1) Notwithstanding anything contained in these rules, during the first two years from the date of execution of new lease, the holder of mining lease, to whom the order of vesting of rights, approvals, clearances, licences and the like have been issued under section 8B of the Act, shall maintain such level of production so as to ensure minimum dispatch of eighty percent of the average of the annual production of two immediately preceding years on pro-rata basis, failing which appropriate actions in accordance with the Mine Development and Production Agreement shall be initiated.</p> <p>(2) The new lessee shall ensure that the annual production beyond two years from date of execution of new lease is equal to or more than the annual production by the previous lessee and shall subsequently workout and implement an annual production plan to ensure that the mineral resources are fully exploited during the period of the lease, failing which appropriate actions in accordance with the Mine Development and Production Agreement shall be initiated.”</p>			<p>(i) “Notwithstanding anything contained in these rules, during the first two years from the date of execution of new lease, the holder of mining lease, to whom the order of vesting of rights, approvals, clearances, licences and the like have been issued under section 8B of the Act, shall maintain such level of production so as to ensure minimum dispatch of eighty percent of the average of the annual production of two immediately preceding years on pro-rata basis, failing which appropriate actions in accordance with the Mine Development and Production Agreement shall be initiated.”</p> <p>(ii) “The new lessee shall ensure that the annual production beyond two years from date of execution of new lease is equal to or more than the annual production by the previous lessee and shall subsequently workout and implement an annual production plan to ensure that the mineral resources are fully exploited during the period of the lease, failing which appropriate actions in accordance with the Mine Development and Production Agreement shall be initiated:</p> <p>Provided that the new lessee shall also ensure that at least eighty percent of such annual production is dispatched in the said year.”</p>		