

Bill No. LII-C of 2024

THE OILFIELDS (REGULATION AND DEVELOPMENT)
AMENDMENT BILL, 2024
(AS PASSED BY THE RAJYA SABHA)

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BILL

further to amend the Oilfields (Regulation and Development) Act, 1948.

BE it enacted by Parliament in the Seventy-fifth Year of the Republic of India as follows:—

1. (1) This Act may be called the Oilfields (Regulation and Development) Amendment Act, 2024.

Short title and commencement.

5 (2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

53 of 1948.

2. In the Oilfields (Regulation and Development) Act, 1948 (hereinafter referred to as the principal Act), in section 3,—

Amendment of section 3.

(i) clause (b) shall be omitted;

(ii) for clause (c), the following clause shall be substituted, namely:—

‘(c) “mineral oils” means any naturally occurring hydrocarbon, whether in the form of natural gas or in a liquid, viscous or solid form, or a mixture thereof, and includes crude oil, natural gas, petroleum, condensate, coal bed methane, oil shale, shale gas, shale oil, tight gas, tight oil, gas hydrate in their usual industrial connotation and other gases occurring in association with mineral oils, but does not include coal, lignite and helium occurring in association with petroleum or coal or shale;’;

(iii) in clause (d), after the word “license”, the words, brackets and figures “granted before the commencement of the Oilfields (Regulation and Development) Amendment Act, 2024” shall be inserted;

(iv) in clause (e), for the words “natural gas and petroleum, crude oil”, the words “mineral oils” shall be substituted;

(v) after clause (e), the following clause shall be inserted, namely:—

‘(f) “petroleum lease” means a lease granted on or after the commencement of the Oilfields (Regulation and Development) Amendment Act, 2024, for the purpose of prospecting, exploration, development, production, making merchantable, carrying away or disposing of mineral oils or for purposes connected therewith, and includes a mining lease granted before the commencement of the said Act.’.

Amendment of section 4.

3. In section 4 of the principal Act,—

(a) in the marginal heading, for the words “mining lease”, the words “petroleum lease” shall be substituted;

(b) for the words “mining lease” at both the places where they occur, the words “petroleum lease” shall be substituted.

Insertion of new section 4A.

4. After section 4 of the principal Act, the following section shall be inserted, namely:—

Prospecting, etc., of mineral oils.

“4A. No person shall undertake any operation in any part of India or in its territorial waters, continental shelf and exclusive economic zone for the purposes of prospecting, exploration, development or production, making merchantable, carrying away or disposing of mineral oils, except under a valid lease granted under this Act and the rules made thereunder:

Provided that nothing in this section shall affect any operation undertaken in any area in accordance with the terms and conditions of a license or lease granted before the commencement of the Oilfields (Regulation and Development) Amendment Act, 2024.”.

Amendment of section 5.

5. In section 5 of the principal Act,—

(A) in the marginal heading, for the words “mining leases”, the words “petroleum leases” shall be substituted;

(B) in sub-section (1), for the words “grant of mining leases or for prohibiting the grant”, the words “grant or extension or renewal of petroleum leases or for prohibiting the grant or extension or renewal” shall be substituted;

(C) in sub-section (2),—

(i) in clause (a), for the words “mining leases”, the words “petroleum leases” shall be substituted;

(ii) in clause (b), for the words “mining leases may be granted”, the words “petroleum leases may be granted or extended or renewed” shall be substituted;

(iii) for clause (c), the following clauses shall be substituted, namely:—

“(c) the maximum or minimum area of the petroleum leases;

(ca) the period for which any petroleum lease may be granted or extended or renewed;

5 (cb) the terms on which petroleum leases may be merged or combined;”;

(iv) in clause (d), for the word “mine”, the word “oilfield” shall be substituted;

(v) after clause (d), the following clauses shall be inserted, namely:—

10 “(e) the mechanism to enable resolution of disputes arising out of, or in relation to the petroleum leases or any authorisation granted by the Central Government for working of an oilfield through alternative dispute resolution methods under any law for the time being in force, in a place within India or outside India;

15 (f) any other matter which is required to be, or may be made by rules or in respect of which provision is to be made under this section.”;

(D) after sub-section (2), the following sub-section shall be inserted, namely:—

20 “(3) The terms and conditions of a petroleum lease shall remain stable during the period of the lease for expeditious and efficient development of oilfields or production of mineral oils and shall not be altered to the disadvantage of the lessee during the period of the lease.”.

6. In section 6 of the principal Act,—

25 (A) in the marginal heading, for the word “mineral”, the words “mineral oils” shall be substituted;

(B) in sub-section (1), for the words “conservation and development”, the words “exploration, development, production and conservation” shall be substituted;

30 (C) in sub-section (2),—

(i) in clause (d),—

(a) for the words “oil wells”, the words “mineral oil wells and decommissioning and site restoration activities” shall be substituted;

35 (b) for the word “oil”, the words “mineral oils” shall be substituted;

(ii) in clause (e), for the word “oil”, the words “mineral oils” shall be substituted;

(iii) in clause (g), for the word “mines”, the word “oilfields” shall be substituted;

40 (iv) after clause (g), the following clause shall be inserted, namely:—

45 “(ga) the collection, aggregation, dissemination, use or sharing of the data and samples related to mineral oils with the Central Government or any other party nominated by the Central Government, for the purposes of economic development, academic research and public welfare;”;

Amendment of section 6.

(v) in clause (i), for the words “mined, quarried, excavated or collected”, the word “produced” shall be substituted;

(vi) in clause (j), for the words “owners or lessees of mines of special or periodical returns and reports, and the forms”, the words “lessees of oilfields of special or periodical returns and reports, and the formats” shall be substituted;

(vii) after clause (j), the following clauses shall be inserted, namely:—

“(k) the sharing of production and processing facilities and other infrastructure, both on land and offshore, by two or more lessees for more efficient development of oilfields or production of mineral oils;

(l) the safety at oilfields including safety mechanisms, standards and protocols for conduct of mineral oil operations, protection of persons and infrastructure such as terminals, installations, other structures and devices, and mineral oils;

(m) the sound management of mineral oils in accordance with good international petroleum industry practices including obligations of lessees towards protection of environment during operations and while abandoning, decommissioning and undertaking site restoration activities;

(n) the unitisation of leases across States, Union territories and offshore leases, where there is reservoir continuity or connectivity, or for efficient exploration, development or production of mineral oils;

(o) promote and facilitate adoption of measures for reducing carbon and greenhouse gas emissions and decarbonising operations including but not limited to use of oilfields for other purposes, such as, production of hydrogen, carbon capture utilisation and storage or coal gasification;

(p) reporting of carbon and greenhouse gas emissions related to, arising out of, or resulting from, mineral oil operations;

(q) promote and facilitate development of comprehensive energy projects at oilfields, including planning, development, installation, sharing and use of infrastructure for carrying out mineral oil operations and solar, wind or other form of renewable energy projects;

(r) any other matter which is required to be, or may be made by rules, or in respect of which provision is to be made under this section.”.

Amendment of section 6A.

7. In section 6A of the principal Act,—

(a) for the words “mined, quarried, excavated” wherever they occur, the word “produced” shall be substituted;

(b) in sub-section (2), after the words “mining lease”, the words “or petroleum lease” shall be inserted;

(c) in sub-section (3),—

(i) for the words “crude oil, casing-head condensate or natural gas”, the words “mineral oils” shall be substituted;

(ii) for the words “petroleum or natural gas, or both”, the words “mineral oils” shall be substituted;

(d) in sub-section (4), for the words “mining leases”, the words “petroleum leases” shall be substituted.

8. For section 9 of the principal Act, the following sections shall be substituted, namely:—

Substitution of new sections 9, 9A and 9B for section 9. Penalties.

5 “9. (1) Whoever contravenes the provisions of section 4A or sub-section (1) or sub-section (2) of section 6A shall be liable to a penalty of twenty-five lakh rupees.

(2) Any rule made under any of the provisions of this Act may provide that any contravention thereof shall be liable to a penalty of twenty-five lakh rupees.

(3) Whoever, after having been punished with penalty as referred to in sub-section (1) or sub-section (2), continues to contravene any of the provisions of this Act or rules made thereunder, shall be liable to pay a further penalty which may extend to ten lakh rupees per day for the entire duration during which the contravention continues, commencing from the date of imposition of the first penalty.

9A. (1) The Central Government shall, by notification in the Official Gazette, make rules for providing eligibility criteria for designating an adjudicating authority and for the manner of conducting inquiry and imposing penalty under the provisions of this Act:

Adjudication.

Provided that no officer below the rank of Joint Secretary to the Government of India shall be designated as an adjudicating authority.

(2) The adjudicating authority may summon and enforce the attendance of any person acquainted with the facts and circumstances of the case to give evidence or to produce any document, which in his opinion may be useful for or relevant to the subject matter of the inquiry and if, on such inquiry, he is satisfied that the person concerned has contravened the provisions of this Act or the rules made thereunder, he may determine such penalty in accordance with the provisions of this Act.

(3) No penalty shall be imposed on any person under this section or any rules made thereunder without affording an opportunity of being heard.

19 of 2006. 35 9B. (1) Every appeal against the order of the adjudicating authority under this section shall lie with the Appellate Tribunal referred to in section 30 of the Petroleum and Natural Gas Regulatory Board Act, 2006 and the provisions contained in sections 33, 34, 35 and 36 of that Act, shall, *mutatis mutandis* apply, in relation to every such appeal.

Appeal.

19 of 2006. 40 (2) The provisions contained in section 37 of the Petroleum and Natural Gas Regulatory Board Act, 2006, shall *mutatis mutandis* apply, in relation to every appeal against the order of the Appellate Tribunal referred to in sub-section (1).”

9. In section 10 of the principal Act, after the words, figure and letter “of section 6A”, the words and figure “or section 8” shall be inserted.

Amendment of section 10.

10. In section 11 of the principal Act, for the word “mine” wherever it occurs, the word “oilfield” shall be substituted.

Amendment of section 11.

45 **11.** In section 12 of the principal Act,—

Amendment of section 12.

(a) for the words “mining lease”, the words “petroleum lease” shall be substituted;

(b) for the word “mine”, the word “oilfield” shall be substituted.

Insertion of new section 13A.

12. After section 13 of the principal Act, the following section shall be inserted, namely:—

Validity of leases and licenses.

“13A. All mining leases and licenses granted before commencement of the Oilfields (Regulation and Development) Amendment Act, 2024, shall continue to be valid for their respective tenure subject to the terms and conditions governing the grant of such leases and licenses.” 5

RAJYA SABHA

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further to amend the Oilfields (Regulation and Development) Act, 1948.

(As passed by the Rajya Sabha)