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CHAPTER I: PRELIMINARY

1. Short title and commencement.

- (1) These rules may be called the Petroleum and Natural Gas Rules, 2025.
- (2) They shall come into force on the _____.

2. Savings.

Nothing in these rules shall affect the provisions of the Petroleum Act, 1934 (30 of 1934), or the rules made thereunder.

3. Definitions.

In these rules, unless the context otherwise requires,

- (a) **“associated natural gas”** means natural gas produced in association with crude oil either as free gas or in solution, if such crude oil can by itself be commercially produced.
- (b) **“bore-hole”** means a hole that has been bored or drilled into the earth for extraction of mineral oil and includes an oil well or gas well;
- (c) **“calendar day”** means any of the seven days of a week;
- (d) **“coal bed methane”** means natural gas consisting primarily of methane occurring in coal or lignite seams;
- (e) **“committed work programme”** shall mean the minimum work programme comprising of specific mineral oil operations required to be carried out by the lessee under the contract within a specified time period or any bid document, whether in the nature of a committed work programme or otherwise.
- (f) **“common infrastructure facility”** means any infrastructure facility that is declared by the Government of India to be a common infrastructure facility, in accordance with these rules.
- (g) **“comprehensive energy project”** shall mean any integrated initiative or undertaking at oil field alongwith the Petroleum operations that encompasses the exploration, extraction, development, generation, transmission, distribution, storage and utilisation of energy resources including but not limited to renewable energy sources, exploration and production of hydrogen alongside the petroleum operations;
- (h) **“condensate”** means those low vapour pressure hydrocarbons obtained from natural gas through condensation or extraction which are in the form of liquid at normal surface temperature and pressure conditions;
- (i) **“continental shelf”** shall have the same meaning as assigned to it in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and Other Maritime Zones Act, 1976 as amended from time to time;

- (j) “**contract**” means an agreement entered into between the Government of India and any other party in relation to exploration and exploitation of mineral oil for the relevant area, but does not include the petroleum lease;
- (k) “**contractor**” means the party with whom the Government of India has entered into a contract;
- (l) “**crude oil**” means petroleum in its natural state in liquid, viscous or solid form before it has been refined or otherwise treated from which water and foreign substances have been extracted;
- (m) “**day**” means any of the calendar days which is not a holiday notified by the Government of India or the State Government, as applicable, for the purposes of these rules.
- (n) “**data**” means any information related to or arising out of or connected with mineral oil operations and includes, but is not limited to, geological, geophysical, geochemical, petrophysical, engineering data, well logs, maps, reservoir, drilling, production, and operational information, whether raw, modified, altered, adapted, aggregated, organized, structured, aligned, indexed, or otherwise interpreted, and also includes all interpretative and derivative data, including analyses, evaluations, and reports prepared by or on behalf of the lessee or contractor.
- (o) “**decarbonisation**” means reduction of greenhouse gas emissions, capture of carbon emissions and transition to renewable and low carbon energy sources;
- (p) “**development area**” means part of the leased area which encompasses one or more discovery(ies), and any additional area that may be required for proper development of such discovery(ies);
- (q) “**development operations**” means operations conducted in accordance with the field development plan and shall include, but not be limited to the purchase, shipment or storage of equipment and materials used in developing mineral oil accumulations, the drilling of wells, the laying of gathering lines, the installation of facilities and equipment required to produce, process and transport mineral oil into mineral oil storage or processing facilities.
- (r) “**discovery**” means the finding, during mineral oil operations, of a deposit or several deposits of mineral oil not previously known to have existed, which can be recovered at the surface in a flow measurable by standard testing methods used in the petroleum industry;
- (s) “**drilling**” or “**boring**” means perforation of the earth’s surface crust by mechanical means (irrespective of whether the hole caused by the perforation is vertical, inclined, or horizontal) and includes all operations for preventing collapse of the sides of such hole or for preventing such hole from being filled with extraneous materials including water;
- (t) “**exclusive economic zone**” shall have the same meaning as assigned to it in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and Other Maritime Zones Act, 1976 as amended from time to time;
- (u) “**exploration operations**” means operations conducted in the leased area in search for mineral oil accumulation not previously known to have existed, or appraisal of such mineral oil accumulation and shall include but not be limited to aerial,

geological, geophysical, geochemical, paleontological, palynological, topographical and geo-scientific surveys, analysis, studies and their interpretation, investigations relating to the sub-surface geology including drilling of wells, testing and other related activities such as surveying, drill site preparation and all work necessarily connected therewith that is conducted in connection with mineral oil exploration;

- (v) “**field**” means the general area, which is underlaid, or appears to be underlaid, by at least one reservoir and shall include the underground reservoir or reservoirs containing mineral oil;
- (w) “**field development plan**” means each field development plan submitted by the lessee to the Government of India, after each discovery in accordance with Rule 40.
- (x) “**financial year**” means the period from the first day of April to the thirty-first day of March of the following calendar year;
- (y) “**gas hydrates**” means naturally occurring solids composed of water molecules forming a rigid lattice of cages each containing a molecule of natural gas;
- (z) “**gas well**” means any well the production from which is predominantly natural gas or condensate, or both in quantity;
- (aa) “**geological survey**” includes the examination of exposed rocks in the field, the collection of the necessary specimens of rocks and other materials, investigations in the laboratory, the preparation of geological maps and geological sections and all other operations essential for the determination of the geological nature, age and structure of rocks in any area;
- (bb) “**geophysical survey**” means the search, by instruments for the presence of suitable underground geological structures and includes the sinking of bore-holes for detonating explosives necessary for the purpose, but not the drilling of deep core-holes or the sinking of trial shafts, trenches, or other kinds of large and deep excavations connected with prospecting;
- (cc) “**greenhouse gas**” / “**GHG(s)**” means gas that traps heat in the atmosphere including but not limited to carbon dioxide, methane, nitrous oxide, hydrofluorocarbons and perfluorocarbons;
- (dd) “**greenhouse gas emission**” means the release of greenhouse gases from any mineral oil operations, including but not limited to flaring, venting, and combustion processes;
- (ee) “**hydrocarbons**” means any organic compound of hydrogen and carbon;
- (ff) “**information drilling**” means the drilling of bore-holes for the purpose of procuring scientific information and not with the immediate object of obtaining mineral oils;
- (gg) “**integrated energy infrastructure**” means facilities and infrastructure utilized jointly for mineral oil and renewable energy project operations;
- (hh) “**leased area**” means the area specified in the petroleum lease within which the mineral oil operations can be undertaken, and which may be extended or relinquished in part or fully, in accordance with these rules, from time to time;

- (ii) “**lessee**” means any entity which has been granted a petroleum lease or a petroleum mining lease, as the case may be;
- (jj) “**license**” means a petroleum exploration license granted prior to the commencement of these rules;
- (kk) “**licensee**” means any entity which has been granted a petroleum exploration license prior to the commencement of these rules;
- (ll) “**mineral oils deposit**” means any accumulation of mineral oils on or below the surface of the earth;
- (mm) “**mineral oil operations**” means, as the context may require, exploration operations, development operations or production operations or any combination of two or more of such operations, including construction, operation and maintenance of all necessary facilities, plugging and abandonment of wells, safety, environmental protection, transportation, storage, sale or disposition of mineral oil, site restoration and any or all other incidental operations or activities as may be necessary;
- (nn) “**mining lease**” means a petroleum mining lease granted before the commencement of these rules.
- (oo) “**mining operations**” shall have the meaning assigned to them under the Mines and Minerals (Development and Regulation) Act, 1957 as amended from time to time;
- (pp) “**monitoring, reporting, and verification**” / “**MRV**” means and refers to a system of continuous oversight, data collection, and periodic submission of reports relating to GHG storage and sequestration activities;
- (qq) “**natural gas**” or “**gas**” means gas obtained from bore-holes and consisting primarily of hydrocarbons but does not include helium occurring in association with such hydrocarbons;
Explanation- natural gas includes associated natural gas and non-associated natural gas and all its constituent elements;
- (rr) “**non-associated natural gas**” means natural gas which is produced either without association of crude oil or in association with such quantities of crude oil which by itself cannot be commercially produced;
- (ss) “**non-routine flaring**” means the flaring of gas that occurs outside of routine or safety flaring, often due to unforeseen circumstances or process disruptions.
- (tt) “**oil well**” means any well which is capable of producing crude oil and which is not a gas well;
- (uu) “**PCI notice**” means the notice provided by the lessee to the Government of India intimating the potential commercial interest of a particular discovery pursuant to sub rule (3) of rule 39.
- (vv) “**petroleum**” means naturally occurring hydrocarbons, whether in the form of liquid viscous or solid, or a mixture thereof, but does include coal, lignite and helium occurring in association with petroleum or coal or shale.
- (ww) “**petroleum product**” means any commodity made from mineral oil and shall include refined crude oil, processed crude petroleum residium from crude petroleum, cracking stock, uncracked fuel oil, fuel oil, treated crude oil, residium,

- casing head gasoline, natural gas gasoline, naptha, distillate, gasoline, kerosene, waste oil, blended gasoline, lubricating oil, blends or mixture of oil with one or more liquid products or by-products derived from oil or gas, and blends or mixtures of two or more liquid products or by-products derived from oil condensate, gas or petroleum hydrocarbons, whether herein enumerated or not;
- (xx) “**pool**” means an underground reservoir containing a common accumulation of mineral oils in a zone within in a reservoir.
 - (yy) “**production operations**” means all operations conducted for the purpose of producing mineral oil from the development area after the commencement of production from the development area including the operation and maintenance of all necessary facilities thereof;
 - (zz) “**prospect**” with its grammatical variations means search for a mineral oil deposit;
 - (aaa) “**renewable energy**” means the energy generated from renewable energy sources;
 - (bbb) “**renewable energy sources**” shall have the meaning assigned to is under rule 2 (a) (f) of the Electricity Rules, 2005
 - (ccc) “**reservoir**” means a naturally occurring accumulation of mineral oil including a geological unit limited by rock characteristics by structural or stratigraphic boundaries or coal or lignite of any rank which contains mineral oil (whether in association or independent of water or any other minerals) or a combination of these;
 - (ddd) “**routine flaring**” means the flaring of gas during normal operations due to the absence of facilities for gas utilization, such as reinjection, on-site use, or transportation to market.
 - (eee) “**safety flaring**” means the flaring of gas conducted to ensure the safe operation of facilities, including during emergencies, equipment malfunctions, or to maintain system integrity.
 - (fff) “**samples**” include core, cuttings, fluid, rock, soil, and any other physical material collected during mineral oil operations;
 - (ggg) “**sequestration**” means the process of capturing and permanently storing greenhouse gases within underground geological formations, particularly in depleted oil and gas reservoirs, deep saline aquifer, basaltic formations and coal bed methane reservoirs;
 - (hhh) “**site restoration**” shall mean all activities required to render a site compatible with its intended after-use as far as practicable, after cessation of mineral oil operations pursuant to a plan approved by the Government and shall include, where appropriate, abandonment of wells or other facilities, removal of equipment, structures and debris, establishment of compatible contours and drainage, replacement of top soil, in-filling of excavations and any other appropriate measures as may be required.
 - (iii) “**state government**” has the meaning assigned to it under the General Clauses Act, 1897 and shall, unless the context otherwise requires, include a Union Territory as defined under the General Clauses Act, 1897;
 - (jjj) “**stratum**” means a layer of rock more or less similar throughout a lithological unit;

- (kkk) “**the Act**” means the Oilfields (Regulation & Development) Act, 1948 (53 of 1948) as amended from time to time;
- (lll) “**territorial waters**” shall have the same meaning as assigned to it in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and Other Maritime Zones Act, 1976 as amended from time to time; and
- (mmm) “**waste**” includes the following:-
- (i) the inefficient, excessive, or improper use or dissipation of reservoir energy, and the locating, spacing, drilling, equipping, operating or producing of any oil or gas well in a manner which results or tends to result in reducing the quantity of mineral oils or gas ultimately to be recovered from any reservoir;
 - (ii) the inefficient storing of mineral oils; and the locating, spacing, drilling, equipping, operating or producing of any oil or gas well in a manner causing or tending to cause unnecessary or excessive surface loss or destruction of mineral oils;
 - (iii) producing mineral oils in such a manner as to cause unnecessary channelling of water or gas or both, or coming of water;
 - (iv) the submerging with water of any stratum or part thereof capable of producing mineral oils;
 - (v) the creation of unnecessary fire hazards;
 - (vi) the escape into the open air, from a well producing mineral oils in excess of the amount which is necessary for efficient production from the well; and
 - (vii) permitting gas produced from a gas well to escape into open air.

PART I: PETROLEUM LEASES

CHAPTER II: GENERAL

4. The Government of India may prospect for and produce mineral oils.

- (1) The Government of India may prospect for or produce mineral oils within the territory of India, territorial waters, exclusive economic zone, and the continental shelf of India, the limits of which have been provided under the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976 (80 of 1976).
- (2) The Government of India may also authorize any person or entity, to prospect for or produce mineral oils in accordance with such terms and conditions as may be set out in a petroleum lease, contract or an order issued by the Government of India or the State Government, with prior approval of the Government of India.
- (3) The Government of India or any person or entity authorised by it under sub-rule (2), may enter into voluntary arrangements with a lessee, licensee, or contractor to set up any entities, joint ventures, partnerships, or associations for the purposes of facilitating mineral oil operations.

Provided that any such voluntary arrangements shall not contravene the provisions of any lease, license, contract or rules passed under the Oilfields (Regulation and Development) Act, 1948 which are applicable to such lessee, licensee or contractor.

5. No hindrance to mineral oil operations

- (1) Any existing or future lessee shall allow reasonable access to facilities to existing and future holders of any other Government licences or leases over any land which is comprised in, or adjoins, or is reached by the land held by the lessee.

Provided that no substantial hindrance or interference shall be caused by such holders of other licences or leases to mineral oil operations and fair compensation (as may be mutually agreed upon or, in the event of disagreement, as may be decided by a committee constituted under sub-rule (2)) shall be paid by them to the lessee for any loss or damage sustained by the lessee on account of giving reasonable access to facilities.

- (2) The Government of India may notify an appropriate committee to facilitate coordination and resolve disputes between the concerned lessees or licensees.

Provided that if any of the concerned leases or licenses have been granted by a State Government, the committee under this sub rule shall include one member representing the appropriate State Government.

CHAPTER III: PETROLEUM LEASE

6. Right to prospect for and produce mineral oil restricted to the leased area.

- (1) Unless otherwise permitted by any authorisation under rule 34 and under the rules for unitisation, the right to conduct mineral oil operations conferred by a petroleum lease shall be restricted to the area which falls exclusively within the geographical boundaries provided in the petroleum lease or the contract.
- (2) Where a reservoir of mineral oil located within a leased area or contract area extends beyond such area into an adjacent area granted under a license, petroleum lease, or contract awarded to another licensee, lessee, or contractor, the licensee, lessee, or contractor who becomes aware of such extension shall, within fifteen days from the date of such awareness or from the commencement of these rules, whichever is later:
 - (a) inform the Government of India in writing of the extension of the reservoir; and where the petroleum lease has been granted by a State Government, also inform the concerned State Government; and
 - (b) notify all licensees, lessees, and contractors operating in the adjoining or neighbouring areas who may be affected by such extension.
- (3) Where the reservoir of mineral oil found in the leased area or contract area extends beyond such area into an adjoining area not awarded to any person, the lessee or contractor shall within fifteen days from the date of becoming aware of the fact that the reservoir extends beyond the leased area or contract area or fifteen days from the commencement of these rules, whichever is later:
 - (a) intimate the Government of India, and if the petroleum lease has been granted by the State Government, also the State Government, regarding the extension of the reservoir, and
 - (b) shall file an application under rule 15 seeking extension of the area under the petroleum lease, and the contract to the Government of India, and if the petroleum lease has been granted by the State Government, also the State Government.

Provided that upon an application by the lessee, the Government of India and the State Government, if applicable, may grant a special authorisation for conducting exploration operations in order for the lessee to determine whether the reservoir extends outside the leased area and the extent to which the boundaries of the reservoir extend.

- (4) The Government of India and the State Government shall have the right to seek any additional information, document or clarification from the lessee with respect to any reservoir.
- (5) If any lessee produces mineral oils from any area outside the leased area in contravention of these rules, the lessee shall be liable to pay penalties and in addition thereto, the Government of India or the State Government, as the case may be, may require the lessee to pay to the Government of India, the fair market price of such mineral oils produced, interest payable till date of receipt of actual payment, costs and expenses related to or in connection with the recovery of the said sums. Quantum and value of mineral oils produced outside the lease area and/or produced in contravention of Act / rules, as may be decided by the Government of India, shall be treated as final and binding and can be recovered as arrears of land revenue under applicable law.

Provided that any action under sub-section (5) shall be without prejudice to any other legal remedy available to the Government under the applicable law, for the time being in force, in India.

7. Application for grant of petroleum lease

- (1) An application for a petroleum lease shall be submitted in the format prescribed under Schedule [●] along with details of comprehensive energy project, if any, and activities other than mineral oil operations proposed to be carried out in the area, to the Government of India, and where the land vests with the State Government, the application shall also be submitted to the State Government provided that prior approval has been obtained from the Government of India.
- (2) Where the land vests with a State Government for which a petroleum lease has been applied, the Government of India shall provide a copy of the prior approval granted by it along with a copy of the application to the appropriate State Government.
- (3) The application under sub rule (1) shall be accompanied with a proof of the following:
 - (i) a security deposit of Rs. 25,00,000/- (Rupees Twenty-Five Lakhs), to ensure compliance with the terms, covenants and conditions of the petroleum lease; and
 - (ii) a non-refundable payment of Rs. 2,50,000/- (Rupees Two Lakh Fifty Thousand) for meeting preliminary expenses

and shall be submitted to the Government of India, and where the land vests with a State Government, to that State Government.

- (4) The Government of India or the State Government, as the case may be, shall within one hundred and eighty days of receipt of complete information from the applicant, decide the application submitted under sub-rule (1) provided that its decision to reject the application shall be conveyed with reasons to be recorded in writing.

Provided that the Government of India or the State Government, as the case may be, may require the applicant to correct defects in the application and may seek additional information, documents, or clarifications with respect to the application submitted under sub-rule (1).

- (5) The application under sub-rule (1) shall specify the period of the lease, which shall be not less than four years, and shall not exceed thirty years.
- (6) The security deposit furnished by the applicant may be forfeited upon a breach of the terms and conditions of the petroleum lease and in the event of forfeiture, the applicant shall replenish the forfeited amount in full within thirty days from the date of such forfeiture.

8. Grant of petroleum lease

- (1) A petroleum lease in respect of:
- (i) any land or mineral oil underlying the ocean within the territorial waters or the continental shelf or the exclusive economic zone of India and vested in the Union, shall be granted by the Government of India, and
 - (ii) any land vested in a State Government, shall be granted by the State Government with the prior approval of the Government of India.
- (2) Every petroleum lease shall contain the terms, covenants and conditions prescribed in the format specified in Schedule [●] to these rules.

Provided that, if deemed necessary, the Government of India may, at any time prior to the execution of the petroleum lease, modify or prescribe additional terms, covenants, or conditions.

Provided further that where the petroleum lease is required to be granted by the State Government, the State Government may, at any time prior to the execution of the petroleum lease, propose modifications or additions to the terms, covenants or conditions of the petroleum lease. No such modification or addition shall be made except with the prior approval of the Government of India. The Government of India shall consult the State Government before according such approval.

- (3) The Government of India may, from time to time, notify in the Official Gazette particulars regarding the criteria on which the Government of India shall grant petroleum leases for specified areas.
- (4) The petroleum lease deed shall be entered into between the Government of India or the State Government, as the case may be, and the lessee within ninety days from the approval of the application submitted in accordance with rule 7.
- (5) Upon execution of the petroleum lease deed in accordance with these rules, the terms, covenants, and conditions contained therein shall be final and binding on all parties, and shall not be altered, amended, or modified thereafter, except as expressly permitted under the provisions of the petroleum lease deed or these rules.

9. Area and term of the petroleum lease

- (1) The area covered by a petroleum lease shall be specified therein and may be extended or relinquished in part or full, in accordance with these rules, from time to time.
- (2) A petroleum lease granted after the commencement of these rules shall in the first instance be valid for a period of not less than four years and a maximum of thirty years, unless terminated or cancelled in accordance with these rules.

Provided that the Government of India, and the State Government with prior approval from the Government of India, may extend a petroleum lease till the end of the economic life of the field, in accordance with these rules, in one or more instalments.

Provided further that the duration of a single instalment of extension of the petroleum lease shall not exceed a period of thirty years.

10. Rights of Lessee

- (1) Subject to the provisions of the Act and any rules made thereunder, and also subject to the terms of the agreement that may be entered into between the Government of India and the licensee or the lessee, or, where the land is vested in a State Government, between the Government of India and the licensee or lessee after consultation with the State Government:
 - (a) Every lessee and licensee shall have the exclusive right to explore mineral oils in the leased area, including but not limited to, conducting geological and geophysical surveys, drilling of wells, testing operations, and production operations for mineral oils;

- (b) Every lessee shall have the exclusive right to develop and produce mineral oils in the leased area along with the right to construct and maintain in and on such leased area such works, buildings, plants, platforms, waterways, roads, pipelines, dams, reservoirs, tanks, pumping stations, tram ways, railways, communication cables, electric power lines and other structures and equipment and other facilities as may be necessary for the full enjoyment of the petroleum lease or for fulfilling its obligation under such lease, in accordance with the petroleum lease granted in accordance with the Act and these rules;
 - (c) Every lessee and licensee shall have the right to carry out restoration, abandonment and decommissioning of oil wells, installations, and associated facilities in accordance with applicable laws, rules, and applicable industry practices.
- (2) In addition to carrying out mineral oil operations, each lessee and licensee shall have the right to:
- (a) explore, plan, develop and establish ‘comprehensive energy projects’ in the oilfield and produce energy therefrom in accordance with these rules and procedures prescribed by the Government of India, and
 - (b) utilize the oilfields for decarbonisation activities.

Provided that the rights of the lessee under this rule shall automatically terminate upon cancellation or expiry of the lease.

11. Lease rent

- (1) The lessee shall pay the lease rent to the Government of India or the State Government, as the case may be, in the manner set out below:
- (i) For the leased area, other than the development area, a fixed yearly dead rent for each square kilometre, at the following rates:
 - (a) Rs. 200 (Rupees two hundred) for the first year;
 - (b) Rs. 400 (Rupees four hundred) for the second year;
 - (c) Rs. 2000 (Rupees two thousand) for the third year;
 - (d) Rs. 2800 (Rupees two thousand and eight hundred) for the fourth year;
 - (e) Rs. 4000 (Rupees four thousand) for the fifth year and onwards.
 - (ii) For the development area, a fixed yearly dead rent at the following rates:
 - (a) Rs. 10,000 (Rupees ten thousand) per square kilometre or part thereof for the first 100 square kilometres; and

- (b) Rs. 20,000 (Rupees twenty hundred) per square kilometre or part thereof for the area exceeding the first 100 square kilometres.

Provided that the lessee shall be liable to pay only the dead rent for the development area or the royalty, whichever is higher in amount, but not both.

- (2) The lessee shall, within thirty days of the execution of the petroleum lease deed, pay the dead rent to the Government of India or the State Government, as the case may be, for the first year in advance. The petroleum lease deed shall become effective from the date of deposit of the dead rent for the first year of the petroleum lease.

Explanation – For the purposes of calculating the dead rent for the first year, it shall be assumed that the leased area comprises of no development area.

- (3) The lessee or contractor shall continue to pay the yearly dead rent in advance for every subsequent year within thirty days of each anniversary of the petroleum lease, based on the declaration made in the annual return under sub-rule (4).
- (4) Along with the payment of the yearly dead rent, the lessee or contractor shall, within thirty days of each anniversary of the petroleum lease, furnish or cause to be furnished to, the Government of India or the State Government, as the case may be, a full and proper annual return in the format specified in Schedule [●], which shall include, but not be limited to, the details set out below:

- (i) The total leased area and the development area, in the preceding year and,
- (ii) An estimate of the total leased and the development area, in the subsequent year.

Provided that if there is any misrepresentation or false information submitted by the lessee in the annual return, appropriate penalty may be imposed by the Adjudicating Authority in accordance with these rules on such lessee after giving the lessee an opportunity of being heard and for reasons to be recorded in writing.

Provided further that, without prejudice to any right of the Government of India and the State Government, the lessee shall be liable to pay to the Government of India or the State Government, as the case may be, any deficit dead rent not paid due to the incorrect information furnished by the lessee regarding the actual use of the leased area.

- (5) The yearly dead rent or royalty for each year, except the first year, shall be increased or decreased based on the actual use of the leased area as against the estimated use of the leased area, as intimated by the lessee for the previous year, on a pro rata monthly basis.

Provided that no dead rent shall be payable for such leased area or any part of thereof:

- (i) on and from the effective date of relinquishment in accordance with rule 14 or the date that the leased area or any part thereof is deemed to be relinquished in accordance with these rules,
- (ii) where the lessee has been unable to carry out mineral oil operations, on account of delay in receipt of necessary statutory clearances or for reasons not attributable to any fault of the lessee.

Provided further that in the event the petroleum lease, license or contract is terminated, the dead rent already paid by the lessee, licensee or contractor prior to such termination shall not be refunded.

Explanation. -

For the purposes of adjustment of the yearly dead rent on a pro-rata monthly basis, any number of days of the month shall be taken as the entire month.

Illustration. -

A lessee has paid annual dead rent of Rs.12,000 for the period of 28.01.2025 to 27.01.2026.

The lessee relinquishes the block on 24.10.2025. The lessee shall be eligible to adjust Rs. 3,000 i.e., the dead rent of the remaining three months.

The lessee relinquishes the block on 01.01.2026. The lessee shall not be eligible to adjust any amount.

- (6) If the Government of India or the State Government, as the case may be, is not satisfied with any return furnished in accordance with sub-rule (4), it may:
 - (i) require the lessee or contractor to furnish additional information with respect to the leased area, and
 - (ii) appoint an officer to make necessary enquiries related to the leased area.
- (7) The officer appointed under sub-rule (6)(ii) may:
 - (i) conduct enquiries as it may deem necessary,
 - (ii) require the lessee or the manager or person acting as manager or secretary of such lessee to produce any books, accounts, documents, writings, papers or instruments in his possession or control for inspection at the lessee's office which the appointed officer considers necessary to enable him to ascertain the area used for exploration, development and production operations,
 - (iii) make copies of any entries or materials contained in such books, accounts, documents, writings, papers or instruments.

- (8) Upon completion of the enquiries under sub rule (7), the appointed officer shall submit a report to the Government of India or the State Government, as the case may be.

12. Determination of value of Petroleum Lease

For the purposes of any law for the time being in force, for which value of the petroleum lease deed or rent payable under the petroleum lease deed is required to be assessed or estimated on or before entering into the petroleum lease deed, after the commencement of these rules, such value or rent shall be assessed or estimated in the manner set out below:

- (i) the value of, or rent payable under, the petroleum lease deed for the initial four years shall be the dead rent payable on the entire leased area on the assumption that the entire leased area is not development area for the initial four years;
- (ii) the value of, or rent payable under, the petroleum lease deed for the balance period shall be the dead rent payable on half of the leased area on the assumption that such area will be development area for the balance period.

Explanation –

- (1) For the purpose of this provision, the dead rent shall be calculated based on the rate prescribed for the area other than development area and the development area under rule 11(1)(i) and rule 11(1)(ii), respectively.
- (2) At time of entering into the petroleum lease deed, the presence of mineral oil in the leased area will not be known and the royalty linked to such mineral oil, if any, will not be capable of determination. Therefore, the value or rent of the petroleum lease deed shall be determined based only on the determinable amount, i.e., the dead rent payable on the leased area.

13. Extension of the term of Petroleum Lease

- (1) An application for extension of the term of the petroleum lease shall be submitted to:
 - (i) The Government of India, where the petroleum lease has been granted by the Government of India,
 - (ii) The Government of India and the State Government, where the petroleum lease has been granted by the State Government.
- (2) The application under sub rule (1) may be submitted only after the expiry of half of the tenure of the petroleum lease, but shall be submitted not less than six months prior to the expiry of the term, in the format specified in Schedule [●].

- (3) The application under sub-rule (1) shall be submitted in the format prescribed under Schedule [●], along with details of comprehensive energy project, if any, and activities other than mineral oil operations proposed to be carried out in the area.

Provided that the Government of India or the State Government, as the case may be, may condone the delay in submission of an application for extension of term of the lease made after the expiry of the timeline prescribed under sub-rule (2), provided that the application for extension has been submitted before the expiry of the term of the petroleum lease.

- (4) The application under sub-rule (1) shall also be accompanied with a proposed field development plan for exploitation of the remaining reserves. The proposed field development plan shall include, but not be limited to, the following information:
- (i) mineral oil initially in place;
 - (ii) balance recoverable reserves;
 - (iii) future production profile based on reservoir simulation studies; and
 - (iv) proposed work programme and the estimated expenditure for the proposed extension period.

Explanation -

The terms referred to in sub-rule (4)(i) to 4(iv) above shall be interpreted with reference to the GIPIP, and other applicable standard industry practices, each as may be updated from time to time.

- (5) The application made under sub rule (1) shall be accompanied with a non-refundable processing fee of Rs. 5,000/- (Rupees Five Thousand).
- (6) The Government of India or the State Government, as the case may be, may, require the applicant to correct defects in the application and may seek additional information, documents, or clarifications with respect to the application submitted under sub rule (1).
- (7) The Government may consider the following factors, while deciding the application made under sub rule (1) for extension of the term of the lease:
- (a) the past performance of the lessee;
 - (b) technical and financial capability of the lessee;
 - (c) the economic viability of the reservoir and the proposed projects;
 - (d) the economic life of the field;
 - (e) environmental and safety considerations;
 - (f) market conditions affecting the mineral oil industry;
 - (g) timely payments of dues under the lease and contract; and
 - (h) other parameters as may be considered necessary and relevant by the Government of India in relation to the decision.

- (8) Where the application under sub rule (1) has been made to the State Government, the State Government may approve or reject the application, with prior approval of the Government of India.
- (9) The lessee shall be notified of the decision of approval or rejection of its application in writing. In the event the application under sub rule (1) is rejected, the Government of India or the State Government, as the case may be, shall convey the reasons for such rejection in writing to the applicant.
- (10) If the application under sub rule (1) is approved, the extension of the petroleum lease, shall be granted in the format prescribed under Schedule [●].
- (11) The Government of India shall have the right to modify or add terms, covenants and conditions to the extended petroleum lease, at the time of grant of extension of petroleum lease.

Provided that where extension of a petroleum lease is to be granted by the State Government, the Government of India shall consult the State Government prior to modifying or adding any terms, covenants or conditions of the extended petroleum lease.

- (12) If the petroleum lease expires and a decision on the application for grant of extension has not been made, the Government of India may grant permission to the applicant to continue mineral oil operations for a maximum of two years, pending the decision on the application submitted under sub rule (1).

14. Retention and relinquishment of leased area

- (1) Subject to the terms of the contract, a lessee or contractor may voluntarily relinquish the leased area or contract area or any part thereof, through a written intimation to the following authorities, at least thirty days prior to relinquishing such area:
 - (a) the Government of India, where the lease or contract has been granted by the Government of India,
 - (b) the Government of India as well as the State Government, where the petroleum lease and contract has been granted by the State Government.
- (2) Notwithstanding anything contained in sub rule (1), where a contract provides for mandatory relinquishment, any area or part thereof under a lease or contract, shall be deemed to be relinquished in accordance with the terms of the contract.
- (3) The effective date of relinquishment of the leased area and contract area or any part thereof shall be the date specified in the notice under rule 14(1) which date shall be at least thirty days after the date of the notice submitted under rule 14(1).

- (4) Subject to the terms of the contract, in the event of any discovery, the lessee or contractor shall, within thirty days of expiry of the period prescribed for completion of committed work programme under rule 38, identify such part of the leased area or contract area which the lessee or contractor intends to retain for carrying out mineral oil operations, including but not limited to exploration operations, and intimate the Government of India through a written notice of such areas which shall also include details of all development areas approved by the Government of India pursuant to rule 40 (4) as well as areas which are proposed to be development areas under any field development plans which have been submitted to the Government of India pursuant to rule 40 (1).

Provided that if:

- (a) no notice of discovery has been submitted under rule 39 (1) during the period prescribed for completion of the committed work programme as specified in rule 38; and
- (b) no notice under rule 39 (3) is submitted within one hundred and twenty days after the expiry of the period prescribed for completion of the committed work programme in rule 38,

the entire leased area shall be deemed to have been relinquished by the lessee or contractor at the expiry of such period.

- (5) Unless specified otherwise in a contract, upon expiry of the time period provided in sub rule (4), any part of the leased or contract area which has not been identified for being retained under sub rule (4), shall be deemed to have been relinquished by the lessee or contractor.

15. Extension of leased area

- (1) An application for extension of the area of a petroleum lease shall be submitted to the Government(s) within whose jurisdiction the extended area falls in the format specified in Schedule [●].

Provided that if the Government to whom the application under sub rule (1) is submitted is not the Government of India, or the State Government which has granted the petroleum lease, a copy of the application shall also be submitted to the Government of India and such State Government.

Illustration –

If State A has granted the petroleum lease and the extended area falls in State B and State C, then the lessee shall submit an application for extension of the leased area to State B and State C and shall submit a copy of the application to State A and the Government of India.

- (2) The application made under this sub rule (1) shall be accompanied with a non-refundable processing fee of Rs. 5,000/- (Rupees Five Thousand).
- (3) The Government of India or the State Government(s), as the case may be, may require the applicant to correct defects in the application and may seek additional information, documents, or clarifications with respect to the application submitted under sub rule (1).
- (4) The Government of India or the State Government(s) to whom the application under sub rule (1) has been submitted, may approve or reject the application. In the event the application under sub rule (1) is rejected, the Government of India or the State Government, as the case may be, shall convey the reasons for such rejection in writing to the applicant.

Provided that State Government(s) shall approve or reject the application made under sub rule (1) only with prior approval of the Government of India.

- (5) If the application under sub rule (1) is approved, all terms and conditions as specified in the format of the petroleum lease prescribed under Schedule [●], shall apply to the extended area of the petroleum lease.
- (6) The applicant shall inform the State Government which has granted the petroleum lease of the approval or rejection of its application made under sub rule (1), unless such application has been submitted to the said State Government.
- (7) The Government may consider the following factors, while deciding the application made under sub rule (1) for extension of the area of the lease:
 - (a) the past performance of the lessee;
 - (b) technical and financial capability of the lessee;
 - (c) the economic viability of the reservoir and the proposed projects;
 - (d) the economic life of the field;
 - (e) environmental and safety considerations;
 - (f) timely payment of dues under the lease and contract; and
 - (g) other parameters as may be considered necessary and relevant by the Government of India

16. Royalty on mineral oils and furnishing of returns and particulars

- (1) Notwithstanding anything contained in any agreement, a lessee shall –
 - (a) where the lease has been granted by the Government of India, pay to Government of India, and
 - (b) where the lease has been granted by the State Government, pay to the State Government,

a royalty in respect of any mineral oil produced by it from the development area at the rate specified in schedule of the Act and as amended from time to time. The royalty shall be payable on a monthly basis, as may be specified in the petroleum lease deed and shall be paid by the last day of the month succeeding the period in respect of which it is payable.

Provided that the Government of India or the State Government with the approval of the Government of India, as the case may be, may direct that such royalty be paid in mineral oil.

Provided further that no royalty shall be payable in respect of any mineral oil which is unavoidably lost or is returned to the reservoir or is used for drilling or other operations relating to the production of mineral oil.

- (2) Every lessee shall pay to the State Government, where the lease has been granted by that Government, royalty for the period of the lease before the 1st November, 1962, at the rate specified in the petroleum lease.
- (3) The lessee shall, within the first seven days of every month or within such further time as the Government of India or the State Government, as the case may be, may allow, furnish or cause to be furnished to the Government of India or the State Government, as the case may be, a full and proper return showing the quantity of all mineral oil obtained during the preceding month from mineral oil operations conducted pursuant to the petroleum lease. The monthly return shall be furnished in the format specified in Schedule [●].
- (4) If the Government of India or the State Government, as the case may be, is not satisfied with any return furnished in accordance with sub-rule (3), it may:
 - (a) require the lessee or contractor to furnish additional information with respect to the mineral oils obtained during the preceding month, and
 - (b) appoint an officer to make necessary enquiries related to mineral oil obtained.
- (5) The officer appointed under sub rule (4) may:
 - (a) conduct enquiries as it may deem necessary,
 - (b) require the lessee or the manager or person acting as manager or secretary of such lessee to produce any books, accounts, documents, writings, papers or instruments in his possession or control for inspection at the lessee's office, which such officer considers necessary to enable him to ascertain the quantity of the mineral oil obtained,

- (c) make copies of any entries or materials contained in such books, accounts, documents, writings, papers or instruments
- (6) Upon completion of the enquiries under sub rule (5), the appointed officer shall submit a report to the Government of India or the State Government, as the case may be.
- (7) On receipt of the report submitted by the appointed officer, the Government of India or the State Government, as the case may be, if it is of the opinion that the quantity of any mineral oils declared in the return furnished in accordance with this rule is incorrect, may determine the quantity of such mineral oils. Upon such determination, the lessee shall be required to promptly pay royalty and other contractual and statutory dues on the quantity so assessed.

17. Stabilisation

- (1) The terms and conditions of a license or lease including those related to duration and area, shall not be altered to the disadvantage of the licensee or lessee and the rent, fees and royalty shall not be increased during the period of the license or lease.
- (2) In the event of a change in law subsequent to the grant of license or lease which results in:
 - (a) an increase in costs, or reduction in net after-tax return, or otherwise reduces the economic benefit accruing to the licensee or lessee due to such change in law by an amount exceeding USD 5,000,000 (USD five million), or such lower amount as may be specified in any lease or as may be separately notified by the Government of India, in any financial year, such affected licensee or lessee shall be entitled to be placed in the same financial condition had there been no such change in law;
 - (b) a decrease in costs, or increase in net after-tax return, or an increase in the economic benefit accruing to the licensee or lessee due to such change in law by an amount exceeding USD 5,000,000 (USD five million), or such higher amount as may be specified in any lease or as may be separately notified by the Government of India, in any financial year, the Government of India or the State Government, as the case may be, shall be entitled to place such licensee or lessee in the same financial condition had there been no such change in law
- (3) The measures for placing such licensee or lessee in the same financial condition may include:
 - (a) adjustment against royalties, fees, revenue share or profit petroleum share payable to the Government of India or the State Government, as the case may be; or

- (b) any other method approved by the Government of India or the State Government, as the case may be.
- (4) Where:
- (a) The law changed is, or is pursuant to, a law enacted by the State Government, the entitlements referred to in sub-rule (2) above shall be between the licensee or lessee on one hand and the State Government on the other hand; and
 - (b) The law changed is, or is pursuant to, a law enacted by the Government of India, the entitlements referred to in sub-rule (2) above shall be between the licensee or lessee on one hand and the Government of India on the other hand.
- (5) For the purpose of this rule 17, “change in law” shall mean the occurrence of any of the following after the date of grant of the lease or license:
- (a) The enactment of any new Indian Law, the amendment, repeal, modification or re-enactment of existing Indian Law as notified from time to time by the Government of India or the relevant State Government;
 - (b) The commencement of any Indian Law that has not entered into effect until after the date of the petroleum lease or license;
 - (c) Any change in the rates of taxes duties, levies, or impositions as in effect on the license or lease or the introduction of any such taxes, duties, levies or impositions;
 - (d) Any event or circumstance of a nature analogous to any of the foregoing, but shall not include the following:
 - (i) taxes on corporate income;
 - (ii) imposition of standards and conditions of operations, maintenance and safety resulting out of new or revised environmental laws that are beneficial to the public and generally applicable across the petroleum industry;
 - (iii) imposition of standards and terms of employment and working conditions for employees applicable nationwide;
 - (iv) temporary and reasonable measures implemented to handle bona fide national emergencies.

18. Unitization

- (1) All the concerned lessees, licensees or contractors may explore, develop and produce mineral oils through mutual cooperation, provided that such cooperation shall not breach these rules, and any terms of leases, licenses or contracts entered into by the concerned lessees, licensees or contractors.

Provided that the Government of India may grant relaxations to the terms of the licenses, leases or contracts requested by the concerned licensee, lessees or contractors, in whole or in part, to enable all the concerned lessees, licensees or contractors to explore, develop and produce mineral oils through mutual cooperation without incurring any additional financial or economic burden.

- (2) Where the concerned lessees, licensees or contractors intend to jointly explore, develop or produce mineral oils through mutual cooperation:
 - (a) they shall jointly submit a joint development plan to the Government of India for the joint development and production of mineral oils from a reservoir as a unit in accordance with good international petroleum industry practices; and
 - (b) the concerned licensees, lessees or contractors and the Government of India shall enter into an agreement for development of the reservoir as a unit.
- (3) If one or more of the concerned licensee, lessees or contractors do not intend to jointly develop or produce mineral oils, any of the other concerned licensee, lessees or contractors may send a notice to all the other concerned licensee, lessees or contractors and the Government of India seeking a consultation process.
- (4) Upon receipt of such a notice, the Government of India and all the concerned licensee lessees and contractors shall negotiate in good faith and mutually agree on the manner for joint development of the reservoir as a unit. In case the concerned licensee, lessee or contractor and the Government of India fail to arrive at a mutual agreement for the same within a period of six months of the receipt of the notice referred to in sub-rule (3) above, the Government of India may prescribe the process, which in its opinion is fair and equitable to all the concerned licensee, lessees or contractors and the Government of India, for joint development of the reservoir as a unit. If any of the concerned licensee, lessees and contractors does agree to the process prescribed by the Government of India under this sub-rule, it shall relinquish the area granted to it under the lease or contract.
- (5) At the request of any of the concerned licensee, lessees or contractors, the Government of India may itself or through a third-party agency, propose the agreement referred to in sub-rule (2) (b) above.
- (6) The concerned licensee, lessees or contractors may jointly make changes or modifications to the joint development plan submitted under sub rule (2) (a) that any of the concerned lessees, licensees or contractors may require for the purposes of jointly carrying out any mineral oil operations, provided that any modification to the joint development plan shall be carried out after duly notifying the Government of India in writing of its intent to modify the same.

CHAPTER IV: MERGER OF LEASES

19. Application for Merger of Leases

- (1) A lessee holding more than one petroleum lease having reason to believe that it is necessary or expedient for the efficient and economic development, operation, or management of the mineral oil resources to merge or combine two or more contiguous or adjacent leased areas into a single lease, may submit an application to the Government of India for such merger or combination of the petroleum leases.

Provided that a copy of the application shall be submitted to the Government of India, and the concerned State Government who had issued the original petroleum leases sought to be merged or combined.

- (2) The application under sub rule (1) shall be accompanied with the following:
 - (a) A certified map indicating the geographic boundaries and coordinates of each lease area and clarifying whether any intervening areas are already leased, under dispute, or earmarked under any expression of interest or bidding process;
 - (b) Detailed particulars of each original lease including area, tenure, operational status, outstanding dues, and obligations under the original leases;
 - (c) Third-party audited reports detailing production profiles and estimated recoverable reserves for each original lease;
 - (d) A map clearly delineating the proposed area of the merged petroleum lease;
 - (e) A third-party certified integrated production profile and estimate of recoverable reserves for the proposed amalgamated petroleum lease area.
- (3) A lease granted pursuant to an application filed under sub-rule (1) shall be referred to as merged petroleum lease.
- (4) The Government of India and the concerned State Governments, if any, shall evaluate the application based on the following considerations:
 - (a) Efficiency and economy in the conduct of mineral oil operations;
 - (b) Geological continuity and reservoir connectivity among the proposed lease areas;
 - (c) Administrative and operational efficiencies gained through merger or combination of leases;

- (d) Economic viability and commercial soundness of the proposed amalgamated development plan;
- (e) Compliance with national energy strategy and optimal resource utilization;
- (f) Conservation of mineral oil resources and reduction of development footprint;
- (g) Avoidance of stranded assets or uneconomical sub-units;
- (h) Any other factors deemed relevant by the Government of India in the public interest.

20. Grant of Merged Petroleum Lease

- (1) The grant of a merged petroleum lease shall be subject to the following conditions:
 - (a) The term of the merged petroleum lease shall commence on the date of grant and be governed by the minimum and maximum durations specified under Rule 9;
 - (b) The lessee shall continue to pay applicable dead rent, where payable, to each relevant Government in respect of the portion to the merged lease area under its jurisdiction;
 - (c) Royalty on production shall be paid in proportion to third-party certified recoverable resource assessments submitted at the time of application and shall be submitted directly by the lessee to the concerned Governments.
 - (d) The Government of India and the respective State Governments may require the lessee to submit any additional information necessary to verify the accuracy of royalty payments or resource estimation.
 - (e) Any dispute or disagreement relating to the merged petroleum lease, including interpretation of these provisions or royalty sharing, shall be resolved in accordance with Rule 79.
- (2) Upon receipt of an application under Rule 19 (1) the Government of India shall consult the concerned State Governments and grant a merged petroleum lease for such areas and subject to such terms as may be deemed necessary in the circumstances.
- (3) The lessee, the Government of India, and the concerned State Governments shall execute the lease deed provided by the Government of India in substitution of the existing lease deeds.

Provided that, as far as practicable, the lease deed shall be in the format prescribed in Schedule [●].

- (4) Notwithstanding the grant of a merged petroleum lease, the lessee shall remain fully liable for all existing obligations, defaults, or environmental and restoration responsibilities arising under the original leases and the grant of a merged petroleum lease shall not extinguish any right of the Government to recover past dues or prevent penalties from being imposed by the Adjudicating Authority in accordance with these rules.

21. Effect of merger or combination of Petroleum Leases

Upon execution of the merged petroleum lease:

- (a) the original leases shall stand superseded to the extent they relate to the merged or combined area;
- (b) the rights and obligations under the new lease shall apply prospectively, without prejudice to liabilities accrued under the original leases; and
- (c) the lessee shall submit a revised field development plan and a revised site restoration plan, if applicable, for the entire amalgamated area.

22. Liability of the lessee granted a merged petroleum lease

In the event, there is:

- (a) any misrepresentation, omission, or inaccuracy in the information provided in the application for grant of merged lease filed by the applicant;
- (b) any liability or obligation arising under the original leases prior to the effective date of the merged petroleum lease;
- (c) any dispute, third-party claim, or legal proceedings relating to the boundary, title, or resource attribution within the merged or combined area; and
- (d) any failure by the lessee to comply with the provisions of the merged petroleum lease, including payment obligations and restoration liabilities

the Government may undertake the remedial measures at the sole cost and expense of the lessee or contractor and the lessee or contractor shall be liable for any liabilities incurred by the Government as a consequence of any of the aforementioned provisions under (a) to (d).

CHAPTER V: OTHER PROVISIONS RELATING TO THE PETROLEUM LEASE

23. Survey

If at the time of the grant, or at any time during the term, of a lease, the State Government is of the opinion that survey or resurvey of the leased area or any part thereof is necessary, such land or part thereof shall be surveyed by a qualified surveyor and the lessee shall, within the period specified by the State Government, pay to the State Government for such survey or re-survey a fee of Rs. 10,000/- (Rupees Ten Thousand) or such fee as the State Government may, with the approval of the Government of India, determine.

24. Identification of areas

The lessee shall display notices at all conspicuous points on the area covered by the lease so as to indicate its boundaries and shall thereafter, during the term of such lease, maintain such notices to the satisfaction of the State Government or the Government of India, as the case may be.

25. Transfer or Assignment

- (1) The lessee shall not assign or transfer his right, title and interest in respect of the lease or in respect of the land or mineral underlying the ocean within the territorial waters or the continental shelf of India covered by such lease granted by the Government of India, without the consent in writing of the Government of India and in the case of land covered by a lease granted by the State Government, without the consent in writing of the Government of India being first obtained through the State Government.
- (2) Upon grant of consent by the Government of India under sub-rule (1), the petroleum lease deed shall be amended in the name of the transferee or the assignee, severally or jointly to the extent of the transfer or the assignment, with effect from the date from which such transfer or assignment is made effective.

26. Pre-emption

- (1) In the case of a national emergency in respect of petroleum products or mineral oil, the Government of India shall, at all times, during such emergency, have the right of pre-emption of the mineral oils, refined petroleum or petroleum or mineral oil products produced from the crude oil or natural gas extracted from the leased area, or of the crude oil or natural gas where the lessee is permitted to sell, export or dispose of it without it being refined within India; provided that the fair market price prevailing at the time of pre-emption shall be paid to the lessee by the Government of India, for the petroleum or petroleum or mineral oil products or the crude oil or natural gas taken in pre-emption.

- (2) The Government of India shall be the sole judge as to what constitutes a national emergency in respect of mineral oils, and its decision in this respect shall be final.

27. General Provisions

- (1) The lessee or contractor shall:
 - (a) maintain in good repair and conditions all apparatus, appliances and wells capable of producing mineral oil in the area covered by the lease or contract,
 - (b) execute all mineral oil operations in a proper and workmanlike manner in accordance with such methods and practice as are customarily used in modern oilfield practice and abide by all instructions, directions and orders that may be issued by the Government of India.
- (2) A lessee shall carry out mineral oil operations in accordance with the field development plan and good international petroleum industry practices.
- (3) Where in the opinion of the Government, the mineral oil operations are not being carried out in accordance with good international petroleum industry practices, the Government shall pass an order in writing stipulating the steps required to be taken by the lessee to align its operations with good international petroleum industry practices, provided that:
 - (a) the lessee is provided adequate opportunity to present its views;
 - (b) the order records its reasons in writing; and
 - (c) the order is made for the purposes of optimizing recovery of mineral oils while maintaining good reservoir health, ensuring safety, or protecting the environment by adopting sustainable practices.

28. Recovery of helium from natural gas

- (1) Nothing contained in these rules or the terms of a lease or a contract shall give right to a lessee to use, sell or otherwise dispose of helium which may be produced with natural gas and the lessee shall dispose of such helium in accordance with such directions as may be issued by the Government of India or by an officer or an agency duly authorised for this purpose by the Government of India.
- (2) If the Government of India desires to extract helium from natural gas, the lessee, in order to enable the Government of India to install and operate equipment and facilities for carrying out helium recovery operations, shall make available to the Government of India or its nominee, the area and utilities required for such

operations and in such a case the lessee shall be entitled for compensation as may be mutually agreed between the lessee and the Government of India or its nominee, as the case may be.

29. Cancellation of leases

- (1) Subject to terms of the contract, if the lessee or his executors, administrators or assigns at any time during the term of the petroleum lease:
 - (a) fails to fulfil, or contravenes, any of the terms, covenants and conditions contained therein; or
 - (b) fails to use the leased area for *bona fide* purposes for which it has been granted; or
 - (c) uses such area for a purpose other than that for which it has been granted; or
 - (d) produces mineral oil from a reservoir extending outside the leased area without prior approval from the Government and in violation of the rules on unitisation; or
 - (e) carries out mineral oil operations in an area situated outside the leased area without special authorization or prior approval of the Government;

the Government of India or the State Government shall have the right to cancel and terminate the petroleum lease, in accordance with these rules.

- (2) Upon occurrence of any of the event provided in sub-rule (1), the Government of India or the State Government, as the case may be, in addition to cancellation and termination of the petroleum lease may undertake any action in accordance with the petroleum lease or contract.

Notwithstanding anything contained in sub rule (2), upon occurrence of any of the event provided in sub-rule (1), appropriate penalties may be imposed by the Adjudicating Authority in accordance with Rule 74.

- (3) Where the Government of India or the State Government with the prior approval of the Government of India, as the case may be, is satisfied that the failure, contravention or use is such that it cannot be remedied, it may issue a notice to the lessee directing it to submit an explanation within thirty days as to why security deposit shall not be forfeited or the lease shall not be cancelled or terminated.

After considering the representation, if any, made by the lessee, the Government of India or the State Government may forfeit the whole or any part of the security deposit made under rule 7(3) or otherwise and may cancel and terminate the lease with reasons recorded in writing.

Provided that the order of cancellation of lease made by the concerned Government shall be published in the Official Gazette and shall take effect from the date of such publication.

- (4) Where the Government of India or the State Government, as the case may be, is satisfied that the failure, contravention or use is considered to be of a remediable nature, the Government of India or the State Government, as the case may be, shall give notice to the lessee requiring it to remedy the same within sixty days from the date of receipt of the notice and informing such lessee that penalty, in accordance with Rule 74, may be imposed by the Adjudicating Authority and the lease may be cancelled or terminated if the lessee fails to remedy the failure or contravention or use within the prescribed period.

Provided that the failure on the part of the lessee to fulfil any of the terms, covenants and conditions of the lease shall not give the Adjudicating Authority any power to impose penalty in so far as such failure arises from force majeure; and if the fulfilment of any of the terms, covenants and conditions of the lease is delayed, on account of force majeure, the period of such delay shall be added to the period fixed by the lease for the performance of any act, unless specified otherwise in any contract.

Explanation –

“**Force majeure**” includes an act of God, war, insurrection, riot, civil commotion, tide, storm, tidal wave, flood, lightning, explosion, fire, earthquake, pandemic and any other happening which the lessee could not reasonably prevent or control.

- (5) A lease may be cancelled either wholly or in part by the Government of India or the State Government with the prior approval of the Government of India, as the case may be, upon the written request of the lessee or, where there are two or more of them, of not less than one-half of their number and such cancellation shall be published in the Official Gazette and shall take effect from the date of such publication:

Provided that in the case of a request for cancellation in part of a lease, if the State Government is of the opinion that survey or resurvey is necessary then such survey or resurvey shall be carried out by a surveyor and the lessee shall within the period specified by the State Government pay, for the survey or resurvey, to the State Government, such fee as the State Government may, with the approval of the Government of India, determine.

- (6) If during the term of a lease any part of the land covered by it is required for any public purpose, the Government of India, or the State Government with prior approval of the Government of India, as the case may be, may, upon one month's notice, and after considering the representation, if any, made by the lessee, cancel such lease in so far as it relates to the said part of the land subject to such restrictions and conditions as it may impose. Such cancellation shall be published in the Official Gazette and shall take effect from the date of such publication.

- (7) Where the Government of India has entered into a contract with the lessee for any mineral oil operations for an area which has been granted under a petroleum lease, the petroleum lease shall be cancelled upon the expiry or termination of the contract.
- (8) The Government of India, or the State Government with the prior approval of the Government of India, as the case may be, may cancel a petroleum lease, if any rent, royalty or other payment due in respect of such lease is in arrears for more than three months. Such cancellation shall be published in the Official Gazette and shall take effect from the date of such publication.
- (9) The Government shall have the right to enforce the security deposit of a lessee to carry out protective, reclamation and rehabilitation measures in the leased area pertaining to a petroleum lease which has been cancelled.
- (10) A lessee shall be obligated to pay any expenditure over and above the security deposit incurred by the Government, towards protective, reclamation and rehabilitation measures in the leased area of the petroleum lease which has been cancelled.

30. Handover of assets and continuity of mineral oil operations upon termination or cancellation of petroleum lease

- (1) Where the economic life of field or development area or contract area under a petroleum lease is subsisting, the lessee shall upon cancellation or termination of a petroleum lease, for any reason whatsoever, within such time as may be specified by the Government, hand over and transfer to the Government or to any entity nominated by the Government:
 - (a) all movable and immovable assets, infrastructure, facilities, wells, equipment, data, and records related to mineral oil operations within the leased area, in good working condition, subject to normal wear and tear;
 - (b) any rights, licenses, or interests held in connection with the mineral oil operations under the lease, to the extent transferable, in accordance with applicable law.
- (2) Pursuant to sub rule (1), the lessee shall:
 - (a) render full cooperation in ensuring continuity of mineral oil operations, without disruption, until such time as the Government or its nominated entity assumes full operational control; and
 - (b) provide all technical and operational assistance necessary for the takeover, including the provision of relevant personnel, documentation, and system access.
- (3) The lessee shall not remove, transfer, or otherwise dispose of any assets or infrastructure from the leased area upon cancellation of lease, except with prior written approval of the Government.

- (4) The Government may require the lessee to provide technical assistance, documentation, or personnel support for a specified period following the handover, to ensure operational continuity and safety.
- (5) Non-compliance with the provisions of this rule shall render the lessee liable for penalties, recovery of costs, and such other action as may be prescribed under the Act, these rules or notifications issued by the Government.

31. Delivery of premises upon determination of lease due to absence of mineral oils or after the expiry of economic life of the field

- (1) After the expiry of the economic life of the field or upon discovering that no mineral oil exists within the leased area, the lessee shall, along with the written notice under rule 14(1), submit an abandonment plan to the Government of India, which shall contain all actions and steps necessary to restore the leased area, in accordance with these rules and as per directions of the Government of India, as may be issued from time to time.
- (2) Subject to the terms of the contract, in the event a lessee opts not to continue mineral oil operations and opts to relinquish the leased area, in part or in full, or a lease is cancelled or is to be determined, the lessee shall deliver up the area released by such relinquishment, cancellation or determination of lease after restoring it in good order and condition in accordance with the abandonment plan approved by the Government of India.
- (3) Upon determination or cancellation or relinquishment of a lease, the holder of such lease shall take all necessary steps to prevent consequent hazards to human life, property, environment, marine resources or navigation, to the satisfaction of the Government of India or the State Government, as the case may be.
- (4) The lessee after determination, cancellation or relinquishment of its lease shall immediately remove and dispose of any mineral oils, all stores, equipment, tools, machinery from such area.
- (5) If such mineral oils, stores, equipment, tools, machinery and improvements or other property are not removed or disposed off and the leased area is not restored to good order and condition within six months after the determination, relinquishment or cancellation of the lease, the Government of India or the State Government, as the case may be, shall proceed with the removal and disposal of such petroleum, stores, equipment, tools, machinery and restore the area at the risk and cost of the lessee.

32. Interest

Notwithstanding anything contained in any contract between a lessee and the Government of India or the State Government, all fees, rent, royalties, if not paid to the

Government of India or the State Government, as the case may be, within the time specified for such payment, shall attract simple interest at the rate of at a rate equal to the State Bank of India Prime Lending Rate (PLR) plus two percent (2%) per annum, calculated from the due date until the date of actual payment.

33. Surface Rights

- (1) A lessee shall separately either purchase land or obtain a surface lease from the State Government, Government of India or any other persons, as the case may be, for the surface area of the land actually used by it for the purpose of mineral oil operations conducted under the lease.

Provided that the surface lease shall not automatically stand terminated or cancelled on account of termination or cancellation of the petroleum lease.

- (2) Where the surface area has been obtained by the lessee on a lease basis from the State Government or Government of India or any local authority, the surface rent payable to the concerned Government or local authority shall not exceed the land revenue and cesses assessed or assessable on the land, as may be specified by the Government of India or the State Government with the approval of the Government of India.
- (3) A surface lease may contain the conditions specified in Schedule [●]. The State Government may, with the prior approval of the Government of India, impose such further conditions as may be necessary in the interests of mineral oil operations.

34. Special provisions for facilitating mineral oil operations.

- (1) The Government of India, upon receipt of an application, may grant a special authorization to a lessee or contractor of offshore area to carry out mineral oil operations from an onland area situated near by to enable extraction of mineral oils from pools situated in offshore area.

Provided that the lessee or contractor shall obtain a surface lease for the onland area from the appropriate State Government or any other persons, as the case may be, in accordance with Rule 33 for carrying out mineral oil operations in such area.

- (2) Where the surface lease has been obtained from the State Government for the purposes of sub rule (1) and in accordance with Rule 33, the State Government or local authority, as the case may be, shall be entitled to receive only the surface rent as per Rule 33 (2) and the royalty shall be payable to the Government of India.
- (3) The State Government shall, within thirty days of receipt of an application, grant a special authorization, to the lessee or contractor of an onland area to carry out mineral oil

operations from an offshore area situated near by to enable extraction of mineral oils from pools situated in onland area.

Provided that the lessee or contractor shall, prior to submitting such application to the State Government, obtain an authorisation from the Government of India for utilizing the offshore area for carrying out mineral oil operations and such authorisation shall form a part of the application submitted under this sub-rule (3).

- (4) Where the special authorisation has been granted by the State Government in accordance with sub-rule (3), the royalty shall be payable to the State Government as per the rate specified in schedule of the Act and as amended from time to time.
- (5) The Government of India may require the lessee or contractor to pay a monthly rent not exceeding Rupees ___ per square kilometre for the authorisation granted under the first proviso to sub-rule (3) for utilisation of the offshore area.

35. Extension of rights under existing contract, lease or license to conduct all mineral oil operations.

Notwithstanding anything contained in the contract, lease or license, as the case may be, in effect on the date of commencement these rules, the rights granted under such contract, lease or license shall be deemed to have been granted in respect of all types of mineral oils and mineral oil operations, subject to such terms and conditions as may be prescribed by the Government of India, if any.

PART II: MINERAL OIL OPERATIONS

CHAPTER VI: GENERAL

36. Award of Contracts

- (1) The Government of India shall, from time to time, demarcate and make available in the public domain in electronic form on a suitable digital platform, the following areas within the territory of India, including the territorial waters, or the continental shelf, or the exclusive economic zone of India:
 - (a) Areas which have been awarded or leased to any entity, or for which a competitive bidding process is underway, or for which an expression of interest has been received, for the purposes of mineral oil operations,
 - (b) Areas which have been extended under a license, petroleum mining lease or petroleum lease or for which a request or application for extension of area has been received the Government;

(c) Other areas not forming part of areas identified in sub-rule (a) or (b).

- (2) Any entity may, at any time, submit an expression of interest for any area specified under sub rule (1)(c) above, for carrying out mineral oil operations, in the form and manner as specified by the Government of India from time to time.
- (3) The Government of India, whether based on the expression of interests received or otherwise, may offer demarcated areas for competitive bidding for the purposes of awarding it to an entity for conducting mineral oil operations.
- (4) The Government of India may consider the eligibility of an entity to participate in the competitive bidding process on factors such as past performance of the entity, timely payment of dues by the entity, instances of engaging in fraudulent and illegal practices, or failure to comply with orders of the Adjudicating Authority, amongst others, as it may deem necessary.

Provided that any decision disallowing an entity from participating in the competitive bidding process shall be taken only after giving such entity an opportunity of being heard and for reasons to be recorded in writing.

- (5) The Government of India may, either itself or through any other entity, apply for and obtain statutory clearances required to conduct mineral oil operations contemplated in the bid, prior to the selection of the successful bidder.
- (6) The successful bidder shall execute a contract with the Government of India for conduct of mineral oil operations in accordance with the bid documents.

37. Power of Government to incentivize and promote operations in certain areas

- (1) The Government of India may notify, from time to time, different categories of basins in India, by publishing a notification in the official gazette.

Provided that any categorization of basins shall not affect any licences, leases and contracts awarded, prior to the date of a notification categorizing basins.

- (2) The Government of India, in public interest, may relax the terms and conditions and offer additional fiscal incentives for any category of basins or specified areas.

38. Committed Work Program

All contracts shall require the lessee to carry out a committed work programme within the period set out in the contract, which may be extended by the Government of India at its discretion.

Provided that the period set out in the contract, together with extensions granted under the contract, shall not exceed eight years for onland and shallow water blocks and ten years for offshore blocks.

39. Discovery

- (1) If and when a discovery is made, the lessee shall notify the Government of India within seven days from the establishment of the discovery in the format prescribed in Schedule [●].
- (2) The lessee shall run the necessary tests in accordance with the good international petroleum industry practices, to determine whether the discovery is of potential commercial interest.
- (3) If the discovery, by itself or jointly with a previous discovery, is of potential commercial interest, the lessee shall give a notice of such potential commercial interest to the Government of India within one hundred and eighty days from the date of the notification under sub-rule (1), in the format prescribed in Schedule [●].

40. Submission of Field Development Plan

- (1) A lessee shall submit a field development plan to the Government of India for each discovery in the format provided in Schedule [●] to these rules clearly delineating the area proposed to be treated as development area, within:
 - (a) thirty-six months from the date of the notice under sub rule (3) of Rule 39 for onland blocks; and
 - (b) forty-eight months from the date of date of the notice under sub rule (3) of Rule 39 for offshore blocks.

Provided that entities which have been nominated by the Government of India to carry out mineral oil operations shall submit the field development plan within such timeline as may be specified by the Government of India.

- (2) A lessee may submit the field development plan after expiry of the timeline specified in sub rule (1) above, by depositing monthly extension fee as may be notified by the Government of India from time to time.
- (3) A lessee may choose to extend the aforementioned time period multiple times by making requisite payment, provided that the maximum permissible extension shall not exceed on a cumulative basis six months for onland blocks and twelve months for offshore blocks.
- (4) The development area once approved by the Government of India in accordance with sub – rule (3) above or under any contract, cannot be modified in any manner without the prior approval of the Government of India.

- (5) The lessee shall submit a field development plan in accordance with these rules regardless of whether it chooses to submit an appraisal programme.
- (6) Unless otherwise provided in the contract, a lessee or contractor may modify the field development plan, and shall notify the Government of India of its intent to modify the plan along with reasons and the necessity for such modifications.

41. Monitoring of Development and Production Operations

- (1) The lessee shall submit an annual statement of the development and production operations carried out in line with the field development plan, within ninety days of the end of the financial year in the format provided in Schedule [●].
- (2) From the date of commencement of production of mineral oil from the leased area, the lessee shall submit monthly records of measurement to the Government of India submitting the following information separately of each producing discovery and in aggregate for the leased area:
 - (a) mineral oils produced;
 - (b) mineral oils used for internal consumption;
 - (c) gas flared;
 - (d) mineral oils being sold;
 - (e) mineral oils and water used for re-injection;
 - (f) quantity of produced water; and
 - (g) energy value and composition of mineral oils
 - (h) any other information as may be prescribed by the Government of India, from time to time.

42. Other provisions.

- (1) Cores and samples preserved shall at all times be made available for examination to the agent authorised by the Government of India and may be taken for the purpose of analysis or other examination but no information obtained of a result of such analysis or examination shall be published without the consent of the lessee or contractor unless the Government of India sees fit to direct otherwise.
- (2) The lessee or contractor shall comply with such directions as the Government of India, where the lease has been granted by that Government of India, may issue restricting the use of mineral oil or gas or coal bed methane or gas hydrate for any purpose which the Government of India may consider to be uneconomical or conducive to waste.
- (3) The Government of India may issue instructions for:

- (a) the spacing of oil wells; and
- (b) the spacing of gas wells.

Provided that no such well shall be drilled at any point, within a minimum distance, to be prescribed by the Government of India, of any railway, pipeline or other right of way, surveyed road, dwellings, industrial plant, air-craft runway, buildings used for military or public purposes, or within three kilometres of any mine, whether active or abandoned, unless the special permission of the Government of India is obtained in advance.

- (4) The Government of India may in the interests of the conservation of mineral oils by general or special order, restrict the amount of mineral oil or gas or coal bed methane or gas from gas hydrate that may be produced by a lessee or contractor in a particular field.

43. Control of operations to prevent escape of petroleum or access of water

The Government of India may after reasonable notice to the lessee or contractor:

- (a) assume control of the operation of an oil well or gas well and adopt such means as may appear to it necessary or expedient to prevent the escape of petroleum or water from the well, if the lessee or contractor fails to do so or appears unable to do so;
- (b) assume control of the operation of an oil well or gas well and adopt such means as may appear to it necessary or expedient to prevent the access of water to such well or to the mineral oil bearing or to both or gas bearing or coal bed methane bearing or gas hydrate bearing strata;
- (c) for the above purposes appoint such agents as may be deemed necessary and authorise them to enter upon the premises and perform the work and for this purpose to take possession of and use any drilling rig, derrick, tools, machinery and other appliances or materials necessary for the performance of the work which may be upon the location or which may be in the possession or control of the lessee or contractor; and
- (d) recover from the lessee or contractor all the costs and expenses incurred in the performance of the operations so undertaken by the Government of India.

44. Suspension etc., of operations

No lessee or contractor shall:

- (a) suspend normal drilling;
- (b) suspend normal production operations;
- (c) abandon an oil well or gas well;
- (d) re-condition such a well;
- (e) resume drilling operations after a previous completion, suspension or abandonment of such a well; or
- (f) resume producing operations after a previous suspension without priorly giving to the Government of India at least a fortnight's notice of any or all of the aforesaid actions, provided that, if normal drilling or normal producing operations have to be suspended immediately due to any unforeseen reason, notice thereof shall be given to the Government of India within twenty four hours of such suspension.

45. Agency for supervision

- (1) For the purpose of ascertaining whether any orders, instructions and directions issued have been or are being complied with by the lessee or contractor and whether the mineral oil operations are being carried on by him in accordance with these rules, the Government of India may, by notification in the official gazette, constitute a suitable agency consisting of such number of persons as the Government of India thinks fit.
- (2) It shall be the duty of such agency for the purposes aforesaid to supervise from time to time any oil well or gas well, or any drilled hole or information well in the process of drilling and submit its report to the Government of India accordingly.
- (3) The agency may, in order to carry out its functions under these rules, depute any person authorised by it in this behalf to enter into and inspect any oil well or gas well, or any drilled hole or information well in the process of drilling.

CHAPTER VII: COLLECTION, AGGREGATION, DISSEMINATION, USE AND SHARING OF DATA AND SAMPLES RELATED TO MINERAL OILS

46. Central Repository and Aggregation

- (1) The Government of India may establish and maintain a central repository, which shall ensure proper storage, cataloguing, and classification of all data received, and may serve as a centralized, secure, and digitized platform to:

- (i) aggregate data from across India;
- (ii) ensure standardized formats and long-term archival;
- (iii) facilitate regulated access and dissemination in line with national and commercial interests; and
- (iv) maintain appropriate metadata to facilitate search and access

47. Title in data and lessee's duty to submit data

- (1) All data obtained as result of mineral oil operations shall be the property of the Government of India.
- (2) All lessees and/or contractors shall submit all data collected, generated or otherwise processed in relation to or during the course of mineral oil operations, to the Government of India, in electronic form which shall be remotely accessible within the timelines prescribed by the Government of India.
- (3) The data submitted by the lessee or contractor shall conform to such standards, formats and protocols, as may be specified by the central repository.
- (4) Failure to submit data or samples or proprietary data in accordance with these rules may result in imposition of penalties by the Adjudicating Authority or other action as prescribed under the Act or the governing agreement.

48. Lessee's rights to use data

- (1) The lessee or contractor has the right to use the data related to, in connection with or arising out of or obtained as a result of mineral oil operations and retain copies of data for the purpose of conducting mineral oil operations in accordance with the terms of the lease, contract and these rules.
- (2) If the data is capable of reproduction, the lessee or contractor may export the data outside India for further analysis or processing, in the manner as may be prescribed by Government of India.

49. Use and Dissemination of Data and Samples

- (1) The Government of India shall have the right to use the data and samples received under these rules or otherwise, for any lawful purpose, including but not limited to, for the purposes of:

- (i) national economic planning and resource management;
 - (ii) policymaking, academic and scientific research;
 - (iii) promoting transparency and informed decision-making;
 - (iv) attracting and facilitating investments in mineral oil operations and exploration of mineral oils in India;
 - (v) conducting environmental, geological, and safety assessments;
 - (vi) facilitating sustainable development, climate resilience, carbon neutrality, biodiversity preservation, social equity, community empowerment, sustainable development goals; and
 - (vii) protecting the sovereignty and integrity of India
- (2) The Government of India may share data and samples with academic institutions, research organisations, public bodies, and domestic and foreign investors, whether domestic or foreign, on such terms as it may deem fit.
- (3) The Government of India may publish aggregated and anonymized data and access to such data may be granted on a fee-based or license-based model, as may be specified by the Government of India.
- (4) Notwithstanding anything contained in this rule, any processed data that the lessee or contractor considers to be confidential by virtue of being (i) price sensitive; (ii) subject to confidentiality obligations; (iii) expressly forbidden to be published by any court of law or tribunal or the disclosure of which may constitute contempt of court; and (iv) trade secrets, know-how or intellectual property and the disclosure of which would harm the competitive position of a third party shall be explicitly justified and marked as '*Proprietary*' at the time of submission to Government of India.
- (5) The Government of India shall keep such information, as mentioned in sub rule (4) of this rule, confidential to the extent agreed with the lessee or contractor provided that no confidentiality will be required to be maintained for information (i) which is in public domain; (ii) which is subject to mandatory disclosure under any other law; and (iii) which the Government of India, is otherwise satisfied, that the larger public interest justifies the disclosure of such information.

50. Protection of proprietary data

- (1) Any information submitted that the lessee or contractor considers to be (i) proprietary methods, technology, or software; and (ii) is explicitly justified and marked as

'proprietary' at the time of submission to Government of India shall be proprietary information of the lessee or contractor, provided that any information or data that is derived, developed or otherwise created by processing or using data shall not be considered as proprietary information of the lessee or contractor.

- (2) Subject to this rule, the Government of India may require the lessee or contractor to provide proprietary data in such copies, timeline, format, and manner as the Government of India may prescribe from time to time.
- (3) The lessee or contractor hereby grants the Government of India a worldwide, perpetual, royalty-free, irrevocable, sub-licensable, and transferable right to access, use, and process proprietary data in any manner, for the purposes of:
 - (i) national economic planning and resource management;
 - (ii) policymaking, academic and scientific research; and
 - (iii) facilitating sustainable development, climate resilience, carbon neutrality, biodiversity preservation, social equity, community empowerment, sustainable development goals.
- (4) Except as where required for compliance with applicable law or as required for the purposes as under sub rule (3) of rule 7, the Government of India shall not disclose proprietary data to any private third party, nor make it publicly available, without the prior written consent of the lessee or contractor, and shall maintain its confidentiality for a period of five years from the date of submission, or such extended period as may be approved by the Government of India. Provided that where the Government of India discloses proprietary data to any private third party, such private third party shall maintain confidentiality in accordance with these rules.

Upon expiry of the confidentiality period, the data shall be automatically reclassified as non-proprietary and made available through the central repository, unless an extension is granted based on a substantiated request.

51. Sharing with Other Government Entities

Notwithstanding anything in Rule 50 above, the Government of India may share proprietary data with any regulatory authorities, or statutory bodies for lawful public purposes, provided that such entities maintain confidentiality in accordance with these rules.

52. Transitional and Operational Access Obligations

- (1) In the event of transfer, relinquishment, surrender, termination, or cancellation of a license, lease, or contract, the lessee or contractor shall hand over all data and samples to the Government of India within one year, or such other timeline as may be prescribed by the Government of India.
- (2) Upon relinquishment or surrender, the lessee or contractor may retain one copy of the data for internal use, research and development with prior Government of India approval, or for compliance with applicable law, but shall not be entitled to make any other use of the data.
- (3) The Government may allow succeeding licensee, lessee or contractors or third parties access to such data to ensure continuity of mineral oil operations, provided proprietary protections remain in place.

CHAPTER VIII: ENVIRONMENT PROTECTION, DECARBONISATION, MONITORING OF GREENHOUSE GAS EMISSIONS AND FLARED GAS

53. Monitoring and Reporting of Greenhouse Gas Emissions

- (1) Every lessee and contractor shall submit a monitoring plan within one hundred and eighty days of commencement of production of mineral oil from the leased area for:
 - (a) identification of sources of greenhouse emissions from mineral oil operations;
 - (b) methodology and frequency of measurements;
 - (c) brief description of the equipment and techniques used; and
 - (d) any other information as prescribed by the Government of India.
- (2) The lessee and contractor shall review and update the monitoring plan submitted under sub rule (1) from time to time as may be necessary.
- (3) Every lessee and contractor shall adopt measures to reduce greenhouse gas emissions that take place during the course of mineral oil operations as may be specified by the Government of India from time to time.
- (4) Every lessee and contractor shall submit to the Government of India or a body designated by the Government of India emission reports of their greenhouse gas emissions in the manner as may be specified by the Government of India from time to time.

54. Authorisation for GHG Sequestration, Injection and Storage Permit

- (1) Any lessee or contractor intending to assess the feasibility of geological storage of GHGs within a leased or contract area shall, prior to commencement of any such activity, obtain an authorisation for such assessment from the Government of India.
- (2) Upon completion of such assessment, a lessee or contractor may submit an application for the issuance of an injection of GHGs permit to the Government of India, in the format as may be prescribed by the Government of India from time to time.
- (3) The term of the injection permit, in the first instance, shall be two years, which may be renewed thereafter upon satisfactory performance and compliance with these rules and the terms as prescribed by the Government of India in this regard from time to time.
- (4) The injection permit shall only be for executing pilot tests and studies to establish the geological suitability of the reservoir for permanent sequestration and shall not grant long-term storage rights to the lessee or contractor.
- (5) The lessee or contractor shall conduct the injection of GHGs in accordance with a plan which shall be approved by the Government of India, and no deviation from such plan shall be made without prior approval of the Government of India or any other agency or authority notified by the Government of India in this regard.
- (6) After completion of the injection tests and establishment of the geological suitability of the reservoir for sequestration in the designated geological formations, a lessee or contractor intending to store greenhouse gases may apply and obtain a storage permit for permanent storage of greenhouse gases for sequestration purposes from such authority, and in the manner, as may be notified by the Government of India, from time to time.
- (7) The lessee or contractor shall submit an environmental management plan and a disaster management plan to the Government of India outlining the measures to mitigate risks to the environment, including groundwater contamination, surface water impacts, and atmospheric releases and shall comply such plans.

55. Monitoring, Reporting, and Verification (MRV)

- (1) The lessee or contractor shall undertake continuous monitoring of the geological formation, including pressure levels, gas migration, and seal and reservoir integrity, throughout the period during which GHGs are injected.
- (2) The lessee or contractor shall submit periodic reports, as prescribed by such authority as may be notified by the Government of India in this regard, detailing the volumes of GHG injected, reservoir behaviour, and any deviations from the approved injection plan.

- (3) The lessee or contractor shall report any incident of GHG leakage or other environmental hazard immediately to such authority as may be notified by the Government of India in this regard, along with the details of the remedial measures taken by such lessee or contractor.
- (4) The Government of India shall conduct, either itself or through an independent third-party agency, undertake an audit or verification of the lessee or contractor's GHG storage and sequestration activities, MRV data or on-site operations within such intervals as may be specified by the Government of India time to time.
- (5) The lessee or contractor shall bear full responsibility for any environmental or public health damages arising from GHG storage operations during the period of active sequestration and for a post-injection period as determined by such authority as may be notified by the Government of India for this purpose.

56. Closure and Post-Injection Monitoring

- (1) Upon cessation of GHG injection and completion of the monitoring period, the relevant lessee or contractor shall submit a site closure plan to such authority as may be notified by the Government of India for approval, which shall include:
 - (a) procedures for well plugging and abandonment;
 - (b) restoration of the surface area to its original or an agreed-upon condition;
 - (c) post-closure monitoring provisions;
- (2) Site closure shall not be deemed complete until the lessee or contractor receives written confirmation from the an appropriate authority as may be notified by the Government of India.
- (3) The relevant lessee or contractor shall continue to monitor the site for a minimum period of five years post site-closure, and shall ensure the integrity of the geological storage and report any anomalies.

57. Measurement and reporting of Flared Gas

- (1) All lessees and contractors shall install, operate, and maintain calibrated flow meters on all flare stacks to accurately measure the volume of gas flared.
- (2) The flow meters must adhere to internationally recognized standards and undergo regular calibration to ensure accuracy of measurement.
- (3) All lessees and contractors shall submit reports specifying the volume of gas flared and the associated emissions on a quarterly basis in accordance with the format specified in Schedule [●]. Such reports shall be submitted within fifteen days from the end of each calendar quarter.

58. Compliance with environmental laws and norms.

All lessees and contractors shall comply with the applicable environmental laws and norms and minimise the environmental impact of mineral oil operations, including gas flaring activities.

CHAPTER IX: DEVELOPMENT OF COMPREHENSIVE ENERGY PROJECTS AT OILFIELDS

59. Development and Monitoring of comprehensive energy projects at oilfields

- (1) Any lessee or contractor intending to develop comprehensive energy project shall, submit a comprehensive energy development plan to the Government of India, at least six months prior to initiating the process of development of the comprehensive energy Project.
- (2) The comprehensive energy development plan shall include, but not be limited to:
 - (a) the plan for integration of mineral oil operations and energy projects including but not limited to solar, wind, hydrogen, or geothermal energy projects;
 - (b) feasibility studies for integrating the relevant energy sources;
 - (c) estimated costs of the project;
 - (d) duration of the project;
 - (e) estimated generation and production of the relevant energy resources;
 - (f) strategy for sale of generated energy;
 - (g) steps to be taken to ensure that mineral oil operations and comprehensive energy operations can be carried out at the site without interference with each other and in a safe manner;
 - (h) risk management and contingency plan;
- (3) The Government of India may propose amendments to the comprehensive energy development plan received by it pursuant to sub-rule (2) above, as may be necessary. The relevant lessee or contractor shall carry out the comprehensive energy projects in accordance with the comprehensive energy development plan as may be amended pursuant to this sub-rule.
- (4) The lessee or contractor may propose modifications to the comprehensive energy development plan, as may be necessary from time to time and such plan shall stand modified to the extent proposed modifications are approved by the Government of India.
- (5) The lessee or contractor shall obtain necessary approvals, licences and permit, as required under law for carrying out such comprehensive energy projects.
- (6) The lessee or contractor shall submit annual reports to the Ministry of Petroleum and Natural Gas detailing the progress and future potential of the comprehensive energy project and compliance with environmental and safety laws, and such other information

as may requested by the Ministry of Petroleum and Natural Gas from time to time, in respect of the comprehensive energy project.

CHAPTER X: SHARING OF INFRASTRUCTURE AND FACILITIES

60. Sharing infrastructure by mutual agreement

- (5) All lessees and contractors shall be permitted to share infrastructure facilities for mineral oil operations, whether located onshore or offshore on terms and conditions as may be mutually agreed between them.
- (6) The Government of India may provide appropriate incentives for the entity owning the common infrastructure facility

61. Access to Facilities and Infrastructure Post Cost Recovery

Where a lessee or contractor submits an application to use any existing infrastructure facilities owned by the Government of India, public sector undertakings or statutory corporations, or where the cost of such infrastructure or facilities has been recovered under the applicable contract, the Government of India may permit access to such facilities and infrastructure, on terms and conditions as prescribed by it.

62. Application and Declaration Process of Common Infrastructure Facilities

- (1) Any lessee or contractor that may seek to access an existing infrastructure facility owned by any other person, or enter into joint arrangements to develop common infrastructure facilities, may submit an application to the Government of India requesting declaration of the said infrastructure facility as a common infrastructure facility;
- (2) Upon receipt of the application, the Government of India shall issue notice to the entity owning the infrastructure facility and provide the entity an opportunity to be heard, including any objections or proposed terms and conditions for shared use;
- (3) The Government of India may, after following the procedure as specified under this rule, by notification declare the infrastructure facility to be a common infrastructure facility, subject to such terms and conditions as it may prescribe;
- (4) While declaring any infrastructure facility as common infrastructure facility, the Government of India shall be guided by the objectives of promoting competition among entities, avoiding infructuous investment, maintaining or increasing supplies, securing equitable distribution or ensuring adequate availability of mineral oil and mineral oil products throughout the country.

63. Right of First Use

The entity laying, building, operating or expanding a common infrastructure facility for transportation of mineral oil and mineral oil products shall have right of first use for its own requirements and the remaining capacity may be used amongst other entities who require such capacity, as per the guidelines issued by the Government of India in this regard.

CHAPTER XI: SITE RESTORATION

64. Site Restoration Plan

- (1) Every lessee and contractor shall submit to the Government of India for its approval, a site restoration plan within three years from the date of commencement of production operations, or twelve months from the commencement of these rules, whichever is later.
- (2) The site restoration plan shall include all activities proposed to be carried out by the lessee for site restoration of the leased area after completion of production operations, together with an estimate of the various components of costs estimated to be incurred for such activities.
- (3) An updated site restoration plan shall be submitted by the lessee or contractor, in intervals of three years, to the Government of India for its approval.
- (4) The lessee or contractor shall provide any information, and make any modifications, to the site restoration plan, as may be required by the Government of India when approving the site restoration plan from time to time.

65. Site Restoration Fund

- (1) Every lessee or contractor shall create and maintain a site restoration fund in accordance with a scheme or policy notified by the Government of India from time to time.
- (2) The site restoration fund shall be created at the time of commencement of production operations, or the commencement of these rules, whichever is later.
- (3) The lessee or contractor shall make annual contributions to the site restoration fund sufficient to cover the estimated cost of site restoration of the leased area, in accordance with the site restoration plan approved by the Government of India from time to time.
- (4) The lessee or contractor may utilize and withdraw, partially or fully, from the site restoration fund to carry out site restoration and abandonment activities in accordance with these rules.

66. Submission of Site Restoration and Abandonment Plan post cessation of production operations

- (1) No later than one hundred and eighty days prior to permanently ceasing use of any well, pipeline or other facility used in production operations, every lessee or contractor shall notify the Government of India of its intention to do so, and shall submit a site restoration and abandonment plan to the Government of India for its approval.

- (2) The site restoration and abandonment plan shall provide the details of the site restoration activities proposed to be carried out in accordance with the approved site restoration plan, and the guidelines issued by the Government of India from time to time, together with an estimate of the various components of costs estimated to be incurred, and timelines for completion of the site restoration.
- (3) An updated site restoration and abandonment plan shall be submitted by the lessee or contractor, in intervals of three years, to the Government of India for its approval, which shall include details of site restoration activities that have been or are remaining to be carried out, the cost incurred and estimated, site conditions, regulatory requirements and any further information required by the Government of India.
- (4) The lessee or contractor shall provide any information, and make any modifications, to the site restoration and abandonment plan, as may be required by the Government of India when approving the site restoration and abandonment plan from time to time.

67. Completion and Reporting

- (1) Within ninety days of completion of all site restoration activities as set out in the site restoration and abandonment plan, the lessee or contractor shall submit a completion report to the Government of India, which shall include:
 - (a) a summary of the activities undertaken;
 - (b) a description of environmental risks and hazards during site restoration, and mitigation measures employed;
 - (c) a certificate of completion of work issued and signed by an authorised representative of the lessee or contractor confirming that site restoration was completed in accordance with the approved site restoration and abandonment plan; and
 - (d) a third-party audit report on completion of all activities prescribed under the approved site restoration and abandonment plan to the Government of India.
- (2) The lessee or contractor shall provide the Government of India any information required by it to verify completion of site restoration in accordance with the approved site restoration and abandonment plan.

68. Failure to comply with site restoration plan

- (2) If the lessee or contractor fails to undertake decommissioning activities in accordance with the approved site restoration and abandonment plan, the Government of India may issue directions to such lessee or contractor specifying the remedial measures required to be undertaken and the timeline for carrying out such measures;

- (3) In the event of non-compliance with the directions issued by the Government under sub rule (1), the Government may undertake the remedial measures at the sole cost and expense of the lessee or contractor;
- (4) In addition to any costs and expenses incurred by the Government of India in undertaking any site restoration or remedial measures, the lessee or contractor shall be liable for any liabilities incurred by the Government of India as a consequence of the failure of the lessee or contractor to complete site restoration in accordance with the approved site restoration and abandonment plan.

Provided that, for the purposes of this sub-rule, it shall be immaterial whether such failure arises from negligence, delay, omission, or default on the part of the lessee or contractor.

Provided further that the Government of India shall be entitled to utilize the site restoration fund or any financial guarantees provided by the lessee or contractor for any amounts due to it under this rule.

69. Site Restoration where leased or contract area is used exclusively for exploration operations.

- (1) Every licensee, lessee, or contractor who opts to use the licensed, leased or contract area exclusively for exploration operations shall carry out site restoration upon completion or abandonment of the exploration operations, or termination of the lease or contract.
- (2) Every lessee and contractor shall submit to the Government of India for its approval, a site restoration plan for the site restoration referred to in sub-rule (1).
- (3) The site restoration plan shall include all activities proposed to be carried out by the lessee for site restoration of the leased area after completion of exploration operations, together with an estimate of the various components of costs estimated to be incurred for such activities.
- (4) The licensee, lessee, or contractor shall complete all activities prescribed in the approved site restoration plan within the time period specified therein and submit a third-party audited report within ninety days of completion of all activities under the site restoration plan, to the Government of India.
- (5) In case of failure to carry out the activities prescribed under the site restoration plan, the Government may take such remedial action, as it deems necessary and recover the costs thereof from the licensee, lessee, or contractor, in addition to any penalty that may be imposed by the Adjudicating Authority in accordance with these rules.

PART III: MISCELLANEOUS

CHAPTER XII: ADJUDICATING AUTHORITY

70. Constitution of Adjudicating Authority

The Government of India shall, by notification in the Official Gazette, constitute an Adjudicating Authority consisting of one person, who shall not be below the rank of Joint Secretary to the Government of India.

71. Continuity of Proceedings:

In case the person appointed as the Adjudicating Authority ceases to hold office for any reason whatsoever, the pending proceedings shall continue from the same stage before the person newly appointed as the Adjudicating Authority.

72. Jurisdiction of the Adjudicating Authority

- (1) The Adjudicating Authority under these rules shall adjudicate and determine penalties under the Act.
- (2) If upon receiving a complaint, the Adjudicating Authority is of the opinion that the issues require resolution through the dispute resolution mechanism as provided in these rules, the Adjudicating Authority shall refer the parties to the dispute resolution mechanism under Rule 79.

Provided that such reference may be made either *suo moto* or upon application of a party made in writing to the Adjudicating Authority.

73. Powers of Adjudicating Authority:

- (1) The Adjudicating Authority shall, for the purpose of holding any inquiry under the Act, have the following powers:—
 - (a) summoning and enforcing the attendance of any person and examining him on oath;
 - (b) requiring the discovery and production of documents;
 - (c) any other matter which may be prescribed.
- (2) The Adjudicating Authority may draw adverse inference against a person who refuses to comply with any summons, directions or instructions issued by it under sub rule (1).
- (3) The Adjudicating Authority shall not, while disposing of any proceeding before it, be bound by the procedure laid down in the Code of Civil Procedure, 1908 (5 of 1908) and

Indian Evidence Act, 1872 (1 of 1872), but shall be guided by the principles of natural justice.

74. Procedure before the Adjudicating Authority

- (1) A complaint under the Act and these rules may be preferred either by the Government of India, including any department or agency under it, or any person aggrieved by the contravention of any provisions of the Act or the rules by the lessee or contractor, regarding contravention of these rules in writing to the Adjudicating Authority. Such complaint must necessarily disclose:
 - (a) the provisions of the Act or these rules that are being breached or contravened;
 - (b) the persons involved in such contravention; and
 - (c) the documents evidencing the commission of such breaches or contraventions.

- (2) Upon receipt of the information or complaint from a person other than the Government of India, the Adjudicating Authority shall direct the Government of India or any other department or agency designated by the Government of India in this regard to conduct a preliminary inquiry and submit a report on whether there is sufficient ground for proceeding with the case, within a period of forty-five calendar days from the date such reference is made.

Provided that if no report is submitted under this sub rule within the prescribed timeline, the Adjudicating Authority shall proceed with the inquiry.

Provided further that no such report shall be required for the purposes of initiating the inquiry by the Adjudicating Authority where the complaint alleging contravention of the provisions of the Act or the rules framed thereunder has been filed by the Government of India.

- (3) In case the report of the Government of India discloses that there is sufficient ground for proceeding with the case, or in case the complaint is made by the Government of India, the Adjudicating Authority shall issue a show cause notice to the lessee or contractor, as the case may be, allowing sixty calendar days' time to submit an explanation as to why an inquiry should not be commenced against such lessee or contractor for inquiring into the contraventions.
- (4) A show cause notice issued by the Adjudicating Authority under sub-rule (3) shall:
 - (a) provide details of contraventions and breaches under the Act and the rules made thereunder;
 - (b) enclose supporting documents, including copy of the complaint; and

- (c) afford an opportunity of personal hearing within thirty days of the receipt of the response to the show cause notice by the Adjudicating Authority.
- (5) Upon receipt of the show cause notice, the lessee or contractor shall submit a written reply to the Adjudicating Authority within the prescribed time, which shall present a comprehensive response to the contents of the show cause notice, and shall necessarily provide:
- (a) a brief background and context of the case;
 - (b) a detailed statement of facts;
 - (c) explanations, justifications, and specific responses to each contravention or breach alleged in the notice; and
 - (d) specific denials of any allegations of fact not admitted as true;
 - (e) a supporting affidavit affirming and verifying the contents of the reply; and
 - (f) all documents relied upon in support of the case, to be enclosed with the reply.

Provided that no further opportunity of response shall be provided upon submission of the reply, unless for reasons to be recorded in writing, the Adjudicating Authority deems it necessary in the interests of justice.

Provided further that if any such document is not in its possession or control, the reply must disclose the identity of the person or entity in whose possession or control the document is.

Provided further that the Adjudicating Authority shall have power to condone the delay for a period of another thirty calendar days for submission of the reply if the lessee or contractor demonstrates that it had sufficient cause for not being able to submit the reply within the prescribed period.

- (6) During any personal hearing with respect to proceedings under sub-rule (4), the lessee or contractor may make oral submissions either itself or through its authorised representative, and may provide written submissions to the Adjudicating Authority along with supporting documents and evidence.

Provided that if the lessee or contractor is represented by an authorised representative, documentary proof of such authorisation must be submitted to the Adjudicating Authority on the date of personal hearing.

Provided further that parties shall be provided the option of appearing before the Adjudicating Authority through audio-visual means, if a request is made in writing to

that effect to the Adjudicating Authority at least seven days prior to the appointed date of personal hearing.

- (7) The Adjudicating Authority, during any hearing pursuant to sub-rule (4), may on the request of either party or on its own motion 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 its opinion may be useful for or relevant to the subject matter.
- (8) If the lessee or contractor fails to appear for personal hearing on the date so appointed for such personal hearing, one more opportunity for personal hearing may be given by the Adjudicating Authority to the lessee or contractor by issuing a reminder to the show cause notice to appear within fifteen calendar days of receipt of such reminder.

Provided that the Adjudicating Authority shall have power to condone the delay for a period of another thirty calendar days for personal hearing beyond prescribed period if the lessee or contractor demonstrates that it had sufficient cause for not being able to appear for personal hearing within the prescribed period.

- (9) If after issue of show cause notice and reminder, the lessee and contractor fails to submit its reply or appear for personal hearing within the prescribed time, the Adjudicating Authority shall be at liberty to decide the matter *ex parte* on merits.
- (10) The Adjudicating Authority may, if it deems necessary, give an opportunity to the Government of India or the State Government, as the case may be, to submit an explanation on the submissions made by the lessee or contractor or any new issue raised by the lessee or contractor within thirty calendar days from the date of the conclusion of the personal hearing or the date of order to proceed *ex parte*, as the case may be.
- (11) The Adjudicatory Authority may if deemed necessary seek assistance of technical, financial and legal experts in order to conduct the inquiry.
- (12) The proceedings held before the Adjudicating Authority shall be duly recorded in an appropriate manner including but not limited to maintaining of a record of proceedings.

75. Orders of the Adjudicating Authority

- (1) The Adjudicating Authority shall, after complying with the procedure set out in Rule 74, pass such orders thereon as it thinks fit, deciding the matter after taking into consideration the submissions made by the parties and the available record.

Provided that the Adjudicating Authority may extend the time for passing of the order under sub-rule (1) for reasons to be recorded in writing.

- (2) The order shall be passed by the Adjudicating Authority within a period of one year from the receipt of the complaint under rule 74(1).

Provided that the Adjudicating Authority may extend the time for passing of the order under this sub-rule (2) for reasons to be recorded in writing.

- (3) The order passed by the Adjudicating Authority shall clearly record the finding of facts of the matter, the evidence relied upon, and the reasons for arriving at the decision and the quantum of penalty payable, where applicable.
- (4) In the event the Adjudicating Authority, upon receipt of a report of the Government of India submitted in accordance with sub-rule (2) of rule 74, is satisfied that there is insufficient ground for proceeding with the complaint, it shall pass an order declining the request to initiate the inquiry for reasons to be recorded in writing.

Provided that where the Adjudicating Authority disagrees with the report submitted by the Government of India and is satisfied that there is sufficient ground for proceeding with the case, the Adjudicating Authority shall record such decision in writing.

- (5) Notwithstanding anything contained in these rules, if at any time the Adjudicating Authority is of the view that some of the issues referred to it, disclose a dispute between parties which is capable of settlement through mediation, conciliation or arbitration, the Adjudicating Authority may refer the parties to the appropriate forum for dispute resolution.

76. Payment of Penalty and Interest

- (1) The penalty imposed by the Adjudicating Authority shall be paid within seventy-five days of receipt of the order, subject to orders passed by the Appellate Authority.
- (2) Where the penalty is not paid within the prescribed period, simple interest at 12% per annum shall accrue for the date on which the penalty became due until the date of actual payment.

Provided that the Adjudicating Authority may, on a written application of the party upon whom a penalty has been levied, extend the period for payment of penalties for reasons to be recorded in writing.

77. Appeals

Appeals against any order passed by the Adjudicating Authority shall be heard by the Appellate Authority referred to in section 30 of the Petroleum and Natural Gas Regulatory Board Act, 2006 in accordance with the provisions of section 9B of the Act.

78. Recovery of Penalties Imposed

- (1) Where any person who is held liable to pay penalties under the Act and these rules, fails to pay such penalty and interest, if applicable, within the time specified in these rules the

Adjudicating Authority may initiate recovery of such penalties in accordance with this rule.

- (2) In case of continued failure to pay penalties, the Adjudicating Authority may:
 - (a) issue a notice to any third party who owes or holds money on behalf of the defaulting party, directing such third party to deposit the amount to the credit of the Government of India; or
 - (b) issue a recovery certificate specifying the amount due and send it to the competent revenue authority for recovery as arrears of land revenue under applicable law; or
 - (c) request the Government of India to set-off such penalties due against amounts due to the defaulting party under any contract, scheme, or mineral oil operations administered by the Government of India, including against the security deposit.
- (3) Where the person to whom the notice is issued under sub rule 2 (a) above, fails to make payment in pursuance thereof within thirty days from the date of the notice, to the Government of India, such person shall be deemed to be in default in respect of the amount specified in the notice.

CHAPTER XIII: DISPUTE RESOLUTION

79. Settlement of disputes

- (1) All disputes with respect to any petroleum lease and/ or contract executed after the commencement of these rules shall be adjudicated in accordance with the procedure set out hereunder.
- (2) Any dispute between the Government and the lessee or the contractor regarding:
 - (i) the market price of mineral oil; or
 - (ii) any right claimed by the lessee or the contractor under the lease or contract; or
 - (iii) conduct of mineral oil operations; or
 - (iv) any breach alleged to have been committed by the lessee or the contractor of any of the terms, covenants or conditions of the lease, contract or an authorization;
 - (v) fees, royalty, rent or any amount payable under the lease or contract; or
 - (vi) any claim for damages, compensation or otherwise; or
 - (vii) any other matter or thing connected with the lease or contract except as otherwise provided for in the Act and the rules made thereunder,shall be settled through the process set out in this rule.

- (3) The parties shall at the first instance use their best efforts to amicably settle all disputes as contemplated herein within ninety days after the dispute arises.
- (4) If such dispute cannot be resolved through the process and within the period set out in sub-rule (3), the parties may submit the dispute for resolution through mediation or conciliation to the Committee for External Eminent Persons/Experts in accordance with the notifications issued by the Government of India and as updated from time to time.

Provided that the parties shall keep all matters relating to the conciliation or mediation proceedings confidential and shall not rely upon conciliation or mediation proceedings, as evidence in any arbitration or court proceeding. The settlement agreement, if any, arrived between the parties, shall be confidential, except where its disclosure is necessary for the purposes of implementation and enforcement.

Provided further that during the period of mediation or conciliation set out hereinabove, neither party shall submit the dispute for resolution through arbitration.

- (5) Any settlement or resolution arrived at by the parties through the process set out in sub-rule (4), shall be recorded in writing and signed by all parties, and shall be deemed to be a contract between the parties capable of execution and enforcement.
- (6) If after one hundred and twenty days from the date of submission of the dispute to the Committee for External Eminent Persons/Experts, subject to any agreement to the contrary between the parties, no resolution or settlement is reached between the parties, then either party may submit the dispute for resolution through arbitration as hereinafter provided.

Provided that if certain disputes and claims are resolved between the parties by the Committee for External Eminent Persons/Experts, the parties shall be precluded from initiating any arbitral or judicial proceedings in respect of such disputes and claims and the parties shall refer the remaining disputes and claims to arbitration, in accordance with these rules.

- (7) Subject to the process set out in sub-rule (3) to sub-rule (5), all disputes and claims with respect to, in connection with or arising out of any petroleum lease and/ or contract shall be adjudicated by way of arbitration in the manner agreed to between the parties under the contract subject to the guidelines set out hereinunder:
 - (a) For all licensees, lessees or contractors, being an entity incorporated under either the laws of India or of a foreign jurisdiction, the contract may provide for either India or foreign-seated arbitration, under the aegis of an arbitral institution as may be notified by the Government of India from time-to-time, with the venue being New Delhi, India.

Provided that in case of a licensee, lessee or contractor which is an entity incorporated under the laws of a foreign jurisdiction, the seat of such arbitration must be of a neutral jurisdiction.

- (b) Arbitral proceedings under these rules shall be conducted by a three-member arbitral tribunal, for which each party to the dispute shall appoint one arbitrator and the two arbitrators so nominated shall appoint the presiding arbitrator in accordance with the rules of the arbitral institution agreed upon by the parties at the time of entering into the contract in relation to the petroleum lease.
 - (c) Notwithstanding the terms of any contract executed after the commencement of these rules, the substantive law governing all disputes, claims or matters arising out of or in connection with any petroleum lease and/ or contract, shall be the laws of India.
 - (d) The provisions of Part I of the Arbitration and Conciliation Act, 1996 (26 of 1996) shall apply to any arbitral proceedings covered under this Chapter.
- (8) Notwithstanding anything to the contrary, the following disputes shall not be arbitrable:
- (a) a dispute arising out of or in relation to the valid settlement agreement entered into between the lessee or contractor and the Government pursuant to mediation or conciliation or any other amicable form of dispute resolution, or
 - (b) a dispute arising out of or in relation to determination by an expert; or
 - (c) a dispute relating to imposition of penalties under the Act or these rules; or
 - (d) any dispute involving rights of third parties who are not party to the proceedings such as right of compensation in case of an accident; or
 - (e) any other class of dispute which has been declared as non-arbitrable by any court or judicial authority; or
 - (f) any other matter which is not capable of settlement through arbitration.

CHAPTER XIV: APPLICABILITY OF RULES TO EXISTING LICENSES AND LEASES AND TRANSITIONAL PROVISIONS

80. Terms of lease, license of contract to prevail, if more beneficial, vis-à-vis these rules.

Notwithstanding anything contained in these rules, where the terms of an existing contract, lease or license are more beneficial or less disadvantageous to the holder of a mining lease or license compared to the provision in these rules, the terms of the lease, license or contract shall prevail.

81. Option for existing licensees.

- (1) All existing licensees, as on the date of commencement of these rules, shall have the option to:
 - (a) Continue exploration operations in accordance with the terms of their license; or
 - (b) Apply for a petroleum lease under the provisions of these rules.
- (2) Until an application for petroleum lease is submitted by an existing licensee under the provision of these rules, the licensee shall be deemed to have opted to continue exploration operations under the terms of their license.
- (3) Where a licensee opts to continue exploration operations under sub rule (1)(a) above, in addition to the terms of the license and the contract entered into by the licensee, the provisions of these rules shall apply, unless the context otherwise requires.

Provided that notwithstanding anything in this sub rule, in the event of a conflict between the terms of a contract or license and the applicable provisions of these rules, wherever the terms of the license or contract are more beneficial or less disadvantageous compared to the applicable provision of these rules, the terms of the license and contract shall continue to apply to the licensee.

Provided further that Rule 7 (rights of licensee and lessee), 10 (area and terms of license), 11 (security deposit, annual license fee and shedding of areas) of the Petroleum and Natural Gas Rules, 1959, would continue to apply.

- (4) Where a licensee opts to apply for a petroleum lease under sub rule 1(b) above:
 - (a) In rule 7(5), the tenure of the lease shall not be less than the remaining tenure of the existing license;
 - (b) In rule 9(2), the tenure of the lease shall not be less than the remaining tenure of the existing license;
 - (c) The licensee shall enter into an amended contract with the Government of India in the form and manner specified by the Government of India.
 - (d) Any licensee fee already paid for the remaining tenure of the existing license shall be adjusted against the rent required to be paid under the petroleum lease granted hereunder.
- (5) Where a petroleum lease is granted under sub rule (3), the grant of such lease and the terms and conditions thereof shall be in accordance with these rules.

82. Leases granted after commencement of these rules.

- (1) Any lease granted after the commencement of these rules shall be governed by these rules.
- (2) Where a licensee or contractor has submitted an application for a mining lease before the commencement of these rules the lease deed for such lease has not been entered into, the licensee or contractor shall:
 - (i) re-apply for a petroleum lease under rule 7, provided that where a licensee or contractor had already paid an application fee, security deposit, or a deposit for meeting preliminary expenses for grant of a petroleum mining lease, he shall be exempted from such payment under rule 7(3); and
 - (ii) enter into an amended contract with the Government of India in the form and manner specified by the Government of India.

83. Existing petroleum mining leases

The following provisions of these rules shall apply to any lease granted before the commencement of these rules, in addition to the terms of the contract and lease, the provisions of these rules shall apply, unless the context otherwise requires.

Provided that notwithstanding anything in this sub rule, in the event of a conflict between the terms of a contract or mining lease and the applicable provisions of these rules, wherever the terms of the mining lease or contract are more beneficial or less disadvantageous compared to the applicable provision of these rules, the terms of the mining lease and contract shall continue to apply to the lessee.

Provided further that Rule 7 (rights of licensee and lessee), 10 (area and terms of license), 13 (mining lease fees, rent) of the Petroleum and Natural Gas Rules, 1959, would continue to apply to such lessee.

84. Extension of existing leases.

- (1) Where, on the date of commencement of these rules:
 - (a) a request for extension of the term of a petroleum mining lease has been made but not granted; or
 - (b) six months or less are remaining until expiry of the mining lease,

the lessee shall make an application under Rule 13 for extension of the term of the lease within one month from the commencement of these rules provided that the lessee shall be exempted from payment of any application fee for seeking extension of a mining lease if such fee, as prescribed, has already been paid by the lessee.

- (2) Upon approval of the application under Rule 13:
- (a) the extended mining lease shall be deemed to be a petroleum lease and shall be governed by these rules; and
 - (b) the lessee shall enter into an amended contract with the Government of India in the form and manner specified by the Government of India.

85. Notice of extension of leased area submitted prior to the commencement of these rules.

If a lessee has already submitted a notice or intimation to the Government of India regarding extension of the leased area and such extension has not been granted, prior to the commencement of these rules, the lessee shall make an application under Rule 15(1) provided that the lessee shall be exempted from payment of any fee for seeking extension of area under the lease if such fee, as prescribed, has already been paid by the lessee.

86. Where a surface lease and authorisations have been obtained prior to the commencement of these rules.

Nothing contained in rule 33 and 34 shall require a licensee or lessee to obtain a surface lease or authorisation, as the case may be, under these rules if it already has a subsisting surface lease or authorisation, as the case may be, prior to the commencement of these rules.

Provided that any renewal of a surface lease, after commencement of these rules, shall comply with rule 33.

87. Power to remove difficulties and exempt from operation of certain rules. —

- (1) The Government of India shall have the power to issue clarifications or approvals in any of the following cases:
- (a) If, in the opinion of the Government of India any difficulty or doubt arises as to the interpretation of any provision of any these rules;
 - (b) Any clarification is required for any of these rules for fulfilling the intention of any rule; and

- (c) Any extension is required for any timelines provided in these rules.
- (2) The Government of India may grant exemption under Section 12 of the Act, subject to specified conditions to lessee or contractor from the provisions of these rules, where it is in the public interest to do so.
- (3) The Government of India may consult the State Government in the matter of granting exemptions in respect of onland areas under sub-rule 1 of this rule.

88. Repeals and Savings.

The Petroleum and Natural Gas Rules 1959 shall stand repealed from the date of commencement of these rules, save and except to the extent identified under the second proviso to Rule 81 and Rule 83.

SCHEDULE – [●]

FORMAT FOR REPORTS ON GAS FLARING

Pursuant to Rule 57 (3)

Flaring Report Format

Petroleum lease no. (s):

Lessee

Month	Gas Production (scm)	Internal consumption (scm)	Safety Flaring (scm)	Routine Flaring (scm)	Non-Routine Flaring (scm)	Total Flaring (scm)
April						
May						
...		
Current Month						
Cumulative (Apr to Current Month)						
Remarks: Actions taken to reduce flaring (month)						

Emissions Report Format

Petroleum lease no. (s):

Lessee

Month	Total GHG Emissions (tonnes CO2e)	Fuel Combustion (tonnes CO2e)	Flaring (tonnes CO2e)	Venting (tonnes CO2e)	Fugitive Emissions (tonnes CO2e)	Other (tonnes CO2e)
April						
May						
...
Current Month						
Cumulative (Apr to Current Month)						
Remarks: Actions taken to comply with emission standards (month)						