

THE PETROLEUM AND NATURAL GAS RULES, 1959*

Note: This updated version of the Petroleum and Natural Gas Rules, 1959, as amended upto 24th July 2018, has been prepared for convenience and easy reference of the trade and industry and has no legal binding or force. Notifications as published in the official Gazette of the Government of India only have the force of law.

* **Note:** The principal rules were published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i) *vide* Notification No. G.S.R. 1288 dated 24th November, 1959, and subsequently amended vide:-

1. Notification No. G.S.R. 842 dated 30th May, 1964, published in the Gazette of India, Part II, Section 3, sub section (i)
2. Notification No. G.S.R. 339 dated 26th February, 1965, published in the Gazette of India, Part II, Section 3, sub section (i).
3. Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i)
4. Notification No. G.S.R. 1868 dated 25th September, 1968, published in the Gazette of India, Part II, Section 3, sub section (i)
5. Notification No. G.S.R. 792 dated 3rd March, 1969, published in the Gazette of India, Part II, Section 3, sub section (i)
6. Notification No. G.S.R. 161 dated 3rd February, 1973, published in the Gazette of India, Part II, Section 3, sub section (i)
7. Notification No. G.S.R. 398 dated 4th April, 1973, published in the Gazette of India, Part II, Section 3, sub section (i)
8. Notification No. G.S.R. 684 dated 5th May, 1976, published in the Gazette of India, Part II, Section 3, sub section (i).
9. Notification No. G.S.R. 792(E) dated 8th September, 1976, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i)
10. Notification No. G.S.R. 1457 dated 22nd November, 1979, published in the Gazette of India, Part II, Section 3, sub section (i)
11. Notification No. G.S.R. 211(E) dated 26th March, 1981, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i)
12. Notification No. G.S.R. 1034(E) dated 25th August, 1986, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i)
13. Notification No. G.S.R. 867 dated 29th September, 1987, published in the Gazette of India, Part II, Section 3, sub section (i)
14. Notification No. G.S.R. 296, dated 17th April, 1989, published in the Gazette of India, Part II, Section 3, sub section (i)
15. Notification No. G.S.R. 108 (E) dated 18th February, 1991, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i)
16. Notification No. G.S.R. 761 (E) dated 10th September, 1992, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i)
17. Notification No. G.S.R. 51 (E) dated 5th February, 1993, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i)
18. Notification No. G.S.R. 686(E) dated 12th September, 1994, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i)
19. Notification No. G.S.R. 152 (E), dated 27th March, 1996, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i)
20. Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i)
21. Notification No. G.S.R. 813(E), dated 16th December, 2004, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i)
22. Notification No. G.S.R. 507(E), dated 28th August, 2006, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i)
23. Notification No. G.S.R. 899(E) dated 25th November, 2009, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i)
24. Notification No. G.S.R. 874(E) dated 13th November, 2014, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i)
25. Notification No. G.S.R. 671(E) dated 24th July 2018, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i)

THE PETROLEUM AND NATURAL GAS RULES, 1959

ARRANGEMENT OF RULES

Page Number

CHAPTER I PRELIMINARY

1. Short title and commencement	1
2. Savings	1
3. Definitions	1

CHAPTER II GENERAL

4. No prospecting or mining except under a license or a lease	5
5. Grant of license or lease	6
6. Initial license or lease fee	7
7. Right of the licensee and the lessee	7
8. [OMITTED]	8
9. Date of effect of licenses and leases	8

CHAPTER III PETROLEUM EXPLORATION LICENSE AND PETROLEUM MINING LEASE

10. Area and term of a license	8
11. Security deposit, annual license fee and shedding of areas	9
12. Area and term of a lease	10
13. Mining lease fees, rent	11
14. Royalty on petroleum and furnishing of return and particulars	13
15. Survey	15

CHAPTER IV OTHER PROVISIONS RELATING TO LICENCES AND LEASES

16. Identification of areas	16
17. Transfer or assignment	16
18. Pre-emption	16
19. General provisions	17
19A Recovery of helium from natural gas	18

CHAPTER V
SUSPENSION AND CANCELLATION

20. Suspension of conditions of license or lease	19
21. Cancellation of licenses and leases	20
22. Delivery of premises upon determination of license or lease	22
23. Fee, etc., payable by due date	23

CHAPTER VI
CONSERVATION AND DEVELOPMENT

24. Preservation of cores and samples for examination etc.	24
25. Directions to prevent waste	24
26. Spacing of wells	25
27. Restriction of production	25
28. Regulation of operations	25
29. Control of operations to prevent escape of petroleum or access of water	26
30. Suspension etc., of operations	26
31. Shutting down of wells	27
32. Agency for supervision	27
32A Penalties	28

CHAPTER VII
MISCELLANEOUS

33. Arbitration of disputes	28
34. Saving of existing licenses & leases	29
35. Power to exempt from operation of certain rules	29

SCHEDULE	30
----------	----

THE PETROLEUM AND NATURAL GAS RULES, 1959

(last amended on July 24, 2018)

¹In exercise of the powers conferred by sections 5 and 6 of the Oilfields (Regulation and Development) Act, 1948 (53 of 1948) and in supersession of the Petroleum Concession Rules, 1949, the Central Government hereby makes the following rules, regulating the grant of exploration licenses and mining leases in respect of petroleum and natural gas which belongs to Government, and for conservation and development thereof, namely:-

CHAPTER I PRELIMINARY

1. Short title and commencement.

- (1) These rules may be called the Petroleum and Natural Gas Rules, 1959.
- (2) They shall come into force on the 25th day of November, 1959.

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) “**bore-hole**” includes an oil well or gas well;

²[(aa) *Omitted*]

¹ The principal rules were published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i) *vide* Notification No. G.S.R. 1288 dated 24th November, 1959.

² Clause (aa) omitted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), the previous text was:-

“(aa) “*Continental Shelf*” means the seabed and subsoil of submarine areas adjacent to the coast of India including its island but outside the area of its territorial waters, to a depth of 200 metres, or beyond that limit to where the depth of the superjacent water admits of the exploitation of natural resources of the areas;”

- ³[(ab) ‘**coal bed methane**’ means natural gas obtained from bore holes occurring in coal or lignite seams and consisting primarily of hydrocarbons.
- (ac) ‘**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.
- (ad) ‘**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.
- (ae) ‘**contract**’ means an agreement entered into between the Government of India and any other party in relation to exploration and exploitation of hydrocarbon and/or coal bed methane for relevant area.]
- (b) ⁴[‘**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.]
- (c) “**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;
- (ca) ⁵[‘**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.]
- (d) “**field**” means the general area which is underlaid, or appears to be underlaid, by at least one pool, and shall include the underground reservoir or reservoirs containing petroleum or natural gas or both;
- (e) “**gas well**” means any well the production from which is predominantly natural gas or condensate, or both in quantity;

³ Inserted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

⁴ Substituted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), the previous text was:-
“(b) “*crude oil*” means petroleum in its natural state before it has been refined or otherwise treated but from which water and foreign substances have been extracted;”

⁵ Inserted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

- (ea) ⁶['**gas hydrates**' means naturally occurring solids composed of water molecules forming a rigid lattice of cages each containing a molecule of natural gas.]
- (f) "**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;
- (g) "**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;
- (ga) ⁷['**hydrocarbons**' means any organic compound of hydrogen and carbon.]
- (h) "**information drilling**" means the drilling of bore-holes for the purpose of procuring scientific information and not with the immediate object of obtaining petroleum;
- (i) ⁸['**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.]
- (j) "**oil well**" means any well which is capable of producing crude oil and which is not a gas well;
- (k) ⁹["**petroleum**" means naturally occurring hydrocarbons, whether in the form of natural gas or in a liquid, viscous or solid form, or a mixture thereof, but does not

⁶ Inserted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

⁷ Inserted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

⁸ Substituted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-
 "(i) "*natural gas*" means gas obtained from bore-holes and consisting primarily of hydrocarbons;"

⁹ Substituted *vide* Notification No. G.S.R. 671(E) dated 24th July 2018, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-
 "(k) "*petroleum*" means naturally occurring hydrocarbons in a free state, whether in the form of natural gas or in a liquid, viscous or solid form, but does not include helium occurring in association with petroleum, or coal, or shale, or any substance which may be extracted from coal, shale or other rock by application of heat or by a chemical process;"

include coal, lignite and helium occurring in association with petroleum or coal or shale;]

- (l) “**petroleum deposit**” means any accumulation of petroleum on or below the surface of the earth;
- (m) “**pool**” means an underground reservoir containing a common accumulation of petroleum or natural gas or both and includes each zone of a general structure which is completely separated from any other zone in the structure;
- (n) “**petroleum product**” means any commodity made from petroleum or natural gas and shall include refined crude oil, processed crude petroleum residium from crude petroleum, cracking stock, uncracked fuel oil, fuel oil, treated crude oil, residium, casinghead 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;
- (o) “**prospect**” with its grammatical variations means search for a petroleum deposit;
- (p) “**stratum**” means a layer of rock more or less similar throughout a lithological unit;
- (q) “**the Act**” means the oilfields (Regulation & Development) Act, 1948 (53 of 1948); and
- (qq) ¹⁰[“**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;]
- (r) “**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 oil or gas ultimately to be recovered from any pool;
 - (ii) the inefficient storing of petroleum; and the locating, spacing, drilling, equipping, operating or producing of any oil or gas well in a manner causing or

¹⁰ Substituted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-

“(qq) “*territorial waters*” means the belt of sea adjacent to the coast of India including its islands or extending into the sea to a distance of six nautical miles measured from the appropriate base line;”

tending to cause unnecessary or excessive surface loss or destruction of petroleum or natural gas;

- (iii) producing petroleum or natural gas 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 petroleum or natural gas;
- (v) the creation of unnecessary fire hazards;
- (vi) the escape into the open air, from a well producing both petroleum and natural gas, of gas 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.

CHAPTER II GENERAL

4. No prospecting or mining except under a license or a lease.

No person shall prospect for petroleum except in pursuance of a petroleum exploration license (hereinafter referred to as a license) granted under these rules, and no person shall mine petroleum except in pursuance of a petroleum mining lease (hereinafter referred to as a lease) granted under these rules. Every holder of a license and every holder of a lease shall in these rules be referred to as the licensee and the lessee respectively.

¹¹[5. Grant of licenses or leases.

¹²[(1) A license or lease in respect of-

(i) any land or mineral underlying the ocean within the territorial waters or the continental shelf ¹³[or the exclusive economic zone] of India and vested in the Union, shall be granted by the Central Government, and

¹⁴[(ii) any land vested in a State Government, shall be granted by the State Government with the previous approval of the Central Government.]]

(2) Every license and lease shall contain such of the terms, covenants and conditions prescribed by these rules as are applicable and such additional terms, covenants and conditions as may be provided in the agreement between the Central Government and the licensee or the lessee,

Provided that ¹⁵[where the license or lease has been or is to be granted by the State Government], the Central Government shall consult the State Government before agreeing to such additional terms, covenants and conditions;

(3) The Central Government, if it deems fit, may from time to time notify in the official Gazette, particulars regarding the basis on which the Central Government may be prepared to consider proposals for prospecting or mining operations in any specified area or areas.]

¹¹ Substituted *vide* Notification No. G.S.R. 339 dated 26th February, 1965, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-

“5. Grant of license or lease.-(i) A license or lease shall be granted by the State Government, with the approval of the Central Government, on such terms and conditions subject to these rules, as may be agreed upon between the Central Government and the licensee or the lessee.

(2) The Central Government, if it deems fit, may from time to time notify in the Official Gazette relevant particulars regarding the basis on which the Central Government may be prepared to consider proposals for prospecting or mining operations in any specified area or areas.”

¹² Substituted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-

“(1) A license or lease shall be granted by the State Government with the approval of the Central Government;”

¹³ Inserted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

¹⁴ Substituted *vide* Notification No. G.S.R. 1868 dated 25th September, 1968, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-

“(ii) any land vested in the State Government, shall be granted by the State Government.”

¹⁵ Inserted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i).

6. Initial license or lease fee

A fee amounting to (i) ¹⁶[Rs. 1,00,000/- (Rupees One Lakh)] in the case of a license, and (ii) ¹⁷[Rs. 2,00,000/- (Rupees Two Lakh)] in the case of a lease, shall be paid ¹⁸[to the Central Government or the State Government, as the case may be,] by the licensee or lessee prior to the formal grant of a license or a lease.

7. Right of the licensee and the lessee

Subject to the Act or any rules made thereunder and subject also to terms of the agreement that may be ¹⁹[arrived at between the Central Government and the licensee or the lessee or, where the land is vested in a State Government between the Central Government and the licensee or lessee after consultation with the State Government]:

- (i) every licensee shall have the exclusive right to carry out in addition to geological and geophysical surveys, information drilling and test drilling operations for petroleum in the area covered by the license and shall have the exclusive right to a lease over such part of the ²⁰[area] covered by the license as he may desire;
- (ii) every lessee shall have the exclusive right to conduct mining operations for petroleum and natural gas in and on the ²¹[area] demised by such lease together with the right to construct and maintain in and on such ²²[area] such works, buildings,

¹⁶ Substituted *vide* Notification No. G.S.R. 899(E) dated 25th November, 2009, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-
“Rs. 25,000/- (Rupees twenty five thousand)”

¹⁷Substituted *vide* Notification No. G.S.R. 899(E) dated 25th November, 2009, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-
“Rs. 50,000/- (Rupees fifty thousand)”

¹⁸ Substituted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-
“the State Government”

¹⁹ Substituted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-
“arrived at in consultation with the State Government between the Central Government and the licensee or the lessee”

²⁰ Substituted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-
“land”

²¹ Substituted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i) , for the following:-
“land”

²² Substituted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-

plants ²³[platforms] waterways, roads, pipelines dams, reservoirs, tanks, pumping stations, tram ways, railways, telephone lines, electric power lines and other structures and equipment ²⁴[and other facilities] as are necessary for the full enjoyment of the lease or for fulfilling his obligation under the lease.

²⁵[8. Omitted]

9. Date of effect of licenses & leases

Every license and every lease shall be effective from the date specified in this behalf in the license or the lease.

CHAPTER III PETROLEUM EXPLORATION LICENSE AND PETROLEUM MINING LEASE

²⁶[10. Area and Terms of license

The area covered by license shall be specified therein and the license shall in the first instance be valid for a period of four years, which may be extended for ²⁷[* * *] further

“land”

²³ Inserted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

²⁴ Inserted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

²⁵ Omitted *vide* Notification No. G.S.R. 339 dated 26th February, 1965, published in the Gazette of India, Part II, Section 3, sub section (i).

“8. Terms and conditions of licenses and leases. – Every license and lease shall contain such of the terms, covenants and conditions prescribed by these rules as are applicable, and such additional terms, covenants and conditions as may be provided in the agreement between the Central Government and the licensee or the lessee”

²⁶ Substituted *vide* Notification No. G.S.R. 867 dated 29th September, 1987, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-

“10. Area and term of a license.- Unless agreed otherwise, the area covered by a license shall ordinarily be 7,500 square kilometres, and the term of a license shall ordinarily in the first instance be four years which may be extended for two further periods of one year each.

Provided that the Central Government may, if satisfied that it is necessary in public interest so to do, by notification, relax the condition regarding area aforesaid in relation to any application for license.”

²⁷ The word ‘two’ deleted *vide* Notification No. G.S.R. 813(E), dated 16th December, 2004, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

periods of one year each ²⁸[till the expiry of the exploration period(s) provided under the agreement if any, or unless otherwise specified by the Central Government in this regard].]

11. Security deposit, annual license fee and shedding of areas

(1) ²⁹[***], the applicant for a licence shall, before the license is granted to him, deposit with the ³⁰[Central Government or where the license is to be or has been granted by the State Government, the State Government,] as security for due observance of the terms, covenants and conditions of the license, a sum of ³¹[Rs. 4,00,000/- (Rupees Four Lakh)] ³²[***].

³³[(2) ³⁴[***], the licensee shall pay yearly in advance by way of license fee in respect of his license a sum calculated for each square kilometre or part thereof covered by the license at the following rates:

- ³⁵(i) Rs. 200/- (Rupees two hundred) for the first year license;
- (ii) Rs. 400 (Rupees four hundred) for the second year license;
- (iii) Rs. 2000 (Rupees two thousand) for the third year license;

²⁸ Inserted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

²⁹ The words ‘*Unless agreed otherwise*’ omitted *vide* Notification No. G.S.R. 152 (E), dated 27th March, 1996, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

³⁰ Substituted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-
“*the State Government*”

³¹ Substituted *vide* Notification No. G.S.R. 899(E) dated 25th November, 2009, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-
“*Rs. 1,00,000/- (Rupees one lakh)*”

³² The words ‘*for each square kilometre or part thereof covered by the license, subject to a minimum of Rs. 6,000 (Rupees six thousand)*’ omitted *vide* Notification No. G.S.R. 296, dated 17th April, 1989, published in the Gazette of India, Part II, Section 3, sub section (i).

³³ Substituted *vide* Notification No. G.S.R. 296, dated 17th April, 1989, published in the Gazette of India, Part II, Section 3, sub section (i).

³⁴ The words ‘*Unless agreed otherwise*’ omitted *vide* Notification No. G.S.R. 152 (E), dated 27th March, 1996, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

³⁵ Substituted *vide* Notification No. G.S.R. 899(E) dated 25th November, 2009, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-

- “(i) *Rs. 50 (Rupees fifty) for the first year license;*
- (ii) *Rs. 100 (Rupees one hundred) for the second year license;*
- (iii) *Rs. 500 (Rupees five hundred) for the third year license;*
- (iv) *Rs. 700 (Rupees seven hundred) for the forth year license;*
- (v) *Rs. 1000 (Rupees one thousand) for the each subsequent year of renewal.”*

- (iv) Rs. 2800 (Rupees two thousand and eight hundred) for the fourth year license;
- (v) Rs. 4000 (Rupees four thousand) for the each subsequent year of renewal.]]

³⁶[Provided that any excess amount paid by the licensee in any year as license fee shall be adjusted against the fee for Petroleum Exploration License or Petroleum Mining Lease granted under Rule 4 due for subsequent years of the same area or any other area held by the licensee.]

- (3) The licensee shall be at liberty to determine the license or relinquish any part of the area covered by the license on giving not less than two months' notice in writing to ³⁷[the Central Government or where the license is to be or has been granted by the State Government, the State Government] and the Central Government.

12. Area and term of a lease

³⁸[***], the area covered by a lease shall ordinarily be ³⁹[250 square kilometres] and the term of a lease shall ordinarily be twenty years ⁴⁰[Provided that the Central Government may, if satisfied that it is necessary in public interest so to do, by notification, relax the condition regarding area aforesaid, in relation to any application for lease.]

⁴¹[Provided that the Central Government may, if satisfied that it is necessary in public interest so to do, by notification, relax the condition regarding area ⁴²[and term] aforesaid, in relation to any application for lease.]

³⁶ Inserted *vide* Notification No. G.S.R. 899(E) dated 25th November, 2009, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

³⁷ Substituted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-
“the State Government”

³⁸ The words ‘*Unless agreed otherwise*’ omitted *vide* Notification No. G.S.R. 152 (E), dated 27th March, 1996, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

³⁹ Substituted *vide* Notification No. G.S.R. 842 dated 30th May, 1964, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-
“one hundred square miles”

⁴⁰ Inserted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

⁴¹ Inserted *vide* Notification No. G.S.R. 398 dated 4th April, 1973, published in the Gazette of India, Part II, Section 3, sub section (i).

⁴² Inserted *vide* Notification No. G.S.R. 874(E) dated 13th November, 2014, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

13. Mining lease fees, rent

- (1) ⁴³[***], the applicant for a lease shall, before the lease is granted to him:
- (a) deposit with ⁴⁴[the Central or the State Government, as the case may be,] as security, a sum of ⁴⁵[Rs. 8,00,000/- (Rupees Eight Lakh)], for due observance of the terms and conditions of the lease;
 - (b) ⁴⁶[also deposit with the Central Government or the State Government as the case may be, for meeting the preliminary expenses such sum, not exceeding ⁴⁷[Rs. 1,20,000/- (Rupees One Lakh Twenty Thousand)] as the Central Government or the State Government with the approval of the Central Government, may determine;]
- (2) ⁴⁸[***], on the grant of a lease, the lessee -
- (a) shall pay ⁴⁹[to the Central Government or the State Government , as the case may be,] for every year a fixed yearly dead rent at the following rates:

⁴³ The words ‘*Unless agreed otherwise*’ omitted *vide* Notification No. G.S.R. 152 (E), dated 27th March, 1996, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

⁴⁴ Substituted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-
“*State Government*”

⁴⁵ Substituted *vide* Notification No. G.S.R. 899(E) dated 25th November, 2009, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-
“*Rs. 2,00,000/- (Rupees two lakh)*”

⁴⁶ Substituted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-
“*(b) also deposit with State Government, for meeting the preliminary expenses such sum, not exceeding Rs. 2,000 (Rupees two thousand), as the State Government may, with the approval of the Central Government, determine;*”

⁴⁷ Substituted *vide* Notification No. G.S.R. 899(E) dated 25th November, 2009, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-
“*Rs. 30,000/- (Rupees thirty thousand)*”

⁴⁸ The words ‘*Unless agreed otherwise*’ omitted *vide* Notification No. G.S.R. 152 (E), dated 27th March, 1996, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

⁴⁹ Substituted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-
“*the State Government*”

⁵⁰[⁵¹[Rs. 100.00 (Rupees One Hundred)] per hectare] or part thereof for the first ⁵²[100 square kilometres]; and ⁵³[⁵⁴[Rs. 200.00 (Rupees Two Hundred)] per hectare] or part thereof for area exceeding the first ⁵⁵[100 square kilometres] provided that the lessee shall be liable to pay only the dead rent or the royalty, whichever is higher in amount but not both;

⁵⁶[Provided that the lessee shall pay within thirty days dead rent of the grant of Petroleum Mining Lease and yearly dead rent in advance for every subsequent year.]

- (b) shall also pay to the State Government, for the surface area of the land actually used by him for the purpose of the operations conducted under the lease, surface rent at such rate, not exceeding the land revenue and cesses assessed or assessable on the land, as may be specified by the State Government with the approval of the Central Government.

⁵⁰ Substituted *vide* Notification No. G.S.R. 842 dated 30th May, 1964, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-

“Rs. 5 per acre”

⁵¹ Substituted *vide* Notification No. G.S.R. 899(E) dated 25th November, 2009, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-

“Rs. 25.00 (Rupees twenty five)”

⁵² Substituted *vide* Notification No. G.S.R. 842 dated 30th May, 1964, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-

“50 square miles”

⁵³ Substituted *vide* Notification No. G.S.R. 842 dated 30th May, 1964, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-

“Rs. 10 per acre”

⁵⁴ Substituted *vide* Notification No. G.S.R. 899(E) dated 25th November, 2009, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-

“Rs. 50.00 (Rupees fifty)”

⁵⁵ Substituted *vide* Notification No. G.S.R. 842 dated 30th May, 1964, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-

“50 square miles”

⁵⁶ Inserted *vide* Notification No. G.S.R. 899(E) dated 25th November, 2009, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

14. Royalty on petroleum and furnishing of returns and particulars

⁵⁷[(1) (a) Notwithstanding anything in any agreement, a lessee shall -

- (i) where the lease has been granted by the Central Government, pay to that Government, and
- (ii) where the lease has been granted by the State Government, pay to that Government,

⁵⁸[a royalty in respect of any mineral oil mined, quarried, excavated or collected by him from the leased area at the rate specified in schedule of the Act from time to time. The royalty shall be payable on monthly basis, as may be provided for in the lease and shall be paid by the last day of the month succeeding the period in respect of which it is payable.]

Provided that the Central Government or, as the case may be, the State Government with the approval of the Central Government, may direct that such royalty be paid in petroleum and natural gas;

⁵⁹[Provided further that such royalty shall not be payable in respect of any crude oil, casing-head condensate or natural gas ⁶⁰[coal bed methane or gas obtained from gas hydrate] which is unavoidably lost or is returned to the reservoir or is used for drilling or other operations relating to the production of petroleum or natural gas or both.]

⁵⁷ Substituted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-

“(1)(a) Notwithstanding anything in any agreement, a lessee shall, with effect from the 1st November, 1962, pay to the State Government a royalty at Rs. 7.50.nR per metric tonne of crud oil and casinghead condensate and at ten per cent of the value at the well head of natural gas obtained by the lessee;

Provided that the State Government may, with the approval of the Central Government, direct that such royalty be paid in petroleum or natural gas;

Provided further that royalty shall not be payable in respect of any crude oil casinghead condensate or natural gas which is unavoidably lost or is returned to the natural reservoir.

(b) Every lease shall for the period of lease before the 1st November, 1962, pay to the State Government royalty at the rate specified in the lease-deed.”

⁵⁸ Substituted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-

“a royalty for the period beginning on the 1st day of April, 1990 and ending on the 31st day of March, 1993, at the rate of four hundred and eighty one rupees per metric tonne of crude oil and casing-head condensate and at ten percent of the value at well-head of natural gas obtained by the lessee”

⁵⁹ Substituted *vide* Notification No. G.S.R. 792 dated 3rd March, 1969, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-

“Provided further that royalty shall not be payable in respect of any crude oil, casing-head condensate or natural gas which is unavoidably lost or is returned to the reservoir;”

⁶⁰ Inserted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

- (b) 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 lease deed.]
- (2) The lessee shall, within the first seven days of every month or within such further time as ⁶¹[the Central Government or the State Government, as the case may be,] may allow, furnish or cause to be furnished to ⁶²[the Central Government or the State Government, as the case may be,] a full and proper return showing the quantity ⁶³[***] of all crude oil, casinghead condensate and natural gas obtained during the preceding month from mining operations conducted pursuant to the lease. The monthly return required to be furnished shall be, as nearly as may be, in the form specified in the Schedule annexed to these rules.
- (3) If ⁶⁴[the Central Government or the State Government, as the case may be,] is not satisfied with any return furnished in accordance with sub-rule (2), it may require the person furnishing the same to furnish such further particulars as it may demand with respect to the crude oil, casinghead condensate or natural gas obtained as aforesaid, and may appoint an officer in this behalf to make all necessary enquiries in relation to such crude oil, casinghead condensate or natural gas. The officer so appointed may make all such enquiries and may require the lessee or the manager or person acting as manager or secretary of such lessee to produce for his inspection at the office of such lessee any books, accounts, documents, writings, papers or instruments in his possession or under his control which such officer may consider necessary to enable him to ascertain the quantity ⁶⁵[***] of the crude oil, casinghead condensate and natural gas obtained as aforesaid and may make copies of any entries or matters contained in such books, accounts, documents, writings, papers or instruments and upon completion of such enquiries such officer shall report thereon to ⁶⁶[the Central Government or the State Government, as the case may be].

⁶¹ Substituted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-
“the State Government”

⁶² Substituted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-
“the State Government”

⁶³ The words ‘and gross value’ omitted *vide* Notification No. G.S.R. 339 dated 26th February, 1965, published in the Gazette of India, Part II, Section 3, sub section (i).

⁶⁴ Substituted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-
“the State Government”

⁶⁵ The words ‘and gross value’ omitted *vide* Notification No. G.S.R. 339 dated 26th February, 1965, published in the Gazette of India, Part II, Section 3, sub section (i).

⁶⁶ Substituted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-

⁶⁷[On receipt of such report ⁶⁸[the Central Government or the State Government, as the case may be,] if it is of the opinion that the quantity of any crude oil, casinghead condensate or natural gas declared in the return furnished in accordance with this rule is too low; may determine the quantity of such crude oil, casinghead condensate or natural gas and royalty shall be paid on the quantity so assessed.]

- (4) Every officer in the ⁶⁹[Central Government or State Government service] shall preserve and aid in preserving secrecy with regard to the contents of any return made under this rule which have come to his knowledge in his official capacity and shall not communicate such matter to any other person unless required in the performance of his official duties or under the authority of a Court of competent jurisdiction.

15. 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 land covered by such lease or any part of such land 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 ⁷⁰[a fee of Rs. 10,000/- (Rupees ten thousand) or] such fee as the State Government may, with the approval of the Central Government, determine.

“the State Government”

⁶⁷ Substituted *vide* Notification No. G.S.R. 339 dated 26th February, 1965, published in the Gazette of India, Part II, Section 3, sub section (i) for the following:-

“On receipt of such report the State Government, if it is of the opinion that the quantity or the gross value of any crude oil, casinghead condensate or natural gas declared in the return furnished in accordance with this rule is too low, may determine the quantity and assess the value for such crude oil, casinghead condensate or natural gas based on the average selling price in the local market and royalty shall be paid on the quantity so assessed.”

⁶⁸ Substituted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-

“the State Government”

⁶⁹ Substituted *vide* Notification No. G.S.R. 339 dated 26th February, 1965, published in the Gazette of India, Part II, Section 3, sub section (i) for the following:-

“Government service”

⁷⁰ Inserted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

CHAPTER IV OTHER PROVISIONS RELATING TO LICENCES AND LEASES

16. Identification of areas

Within three months from the date referred to in rule 8, the licensee or the lessee shall display notices at all conspicuous points on the area covered by the license or the lease so as to indicate its boundaries and shall thereafter, during the term of such license or lease, maintain such notices to the satisfaction of the State Government.

17. Transfer or Assignment

- (1) The licensee or the lessee shall not assign or transfer his right, title and interest in respect of the license or the lease or ⁷¹[in respect of the land or mineral underlying the ocean within the territorial waters or the continental shelf of India covered by such license or lease granted by the Central Government, without the consent in writing of the Central Government, and in the case of land covered by a license or lease granted by the State Government, without the consent in writing of the Central Government being first obtained through the State Government.]

⁷²[provided that in case where a Contract has been signed between the licensee/lessee and the Central Government, the transfer or the assignment, as the case may be, shall be governed by the terms and conditions of the Contract, and will be effected in the manner laid down in such Contract.

- (2) Upon receipt of the consent of the Central Government referred to in sub-rule (1) the license or lease, as the case may be, shall be issued in 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.]

18. Pre-emption

- (1) In the case of a national emergency in respect of petroleum, the Central Government shall, at all times, during such emergency, have the right of pre-emption of the refined petroleum or petroleum products produced from the crude oil or natural gas extracted

⁷¹ Substituted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-

“in respect of the land covered by such licence or lease without the consent in writing of the Central Government being first obtained through the State Government”

⁷² Inserted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

from the area held under a lease, or of the crude oil or natural gas where the lessee is permitted to sell, export or dispose of it without its 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 Central Government, for the petroleum or petroleum products or the crude oil or natural gas taken in pre-emption.

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

19. General Provisions

The licensee or the lessee shall:

- (a) maintain in good repair and conditions all apparatus, appliances and wells capable of producing petroleum on the ⁷³[area] covered by the license or the lease.
- (b) execute all prospecting or mining operations on such ⁷⁴[area] 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 given pursuant to any rules under Chapter VI, and

⁷⁵[(c) the licensee or the lessee shall, as soon as possible provide the Central Government or its designated agency, free of cost, all data earlier obtained or to be obtained as a result of petroleum operations under the license or lease including, but not limited to, geological, geophysical, geochemical, petrophysical, engineering, well logs, maps, magnetic tapes, cores, cuttings and production data as well as all interpretative and derivative data, including reports, analyses, interpretations and evaluation prepared in respect of petroleum operations and as such data shall be the property of the Central Government:

⁷³ Substituted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-
“land”

⁷⁴ Substituted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-
“land”

⁷⁵ Substituted *vide* Notification No. G.S.R. 507(E), dated 28th August, 2006, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-
“(c) upon the determination of the license or the lease or upon the relinquishment of any area covered by it shall furnish to the Central Government where a license or lease is granted by that Government and to the Central Government through the State Government where a license or lease is granted by the State Government confidentially complete records of all the data such as surface geological maps and sections, magnetic and gravity measurements and anomaly maps, seismic profiles, sections and structure contour maps, electrical and telluric current survey data, and other information which have a direct or indirect bearing on the petroleum and mineral possibilities in the area, collected by the licensee or the lessee or his agents or contractors.”

Provided that the licensee or the lessee shall have the right to make use of such data, free of cost, for the purpose of petroleum operations under the license or lease.

- (d) the Central Government or its designated agency shall have the right to disclose at any time, any or all data of non-proprietary nature, to any person or legal entity, if in the opinion of the Central Government or its designated agency disclosure of such data shall help and promote exploration and production activities in India:

Provided that the disclosure of any data of proprietary nature for these purposes may be made by the Central Government or its designated agency at any time with the consent of the licensee or the lessee:

Provided further that in cases where five years have lapsed from the date from which such data becomes available or upon determination of the license or lease, whichever is earlier, such data may be disclosed to any person or legal entity to promote exploration and production of hydrocarbons, for which disclosure no consent shall be required:

Provided also that in case of a conflict on the question as to whether any particular data is of proprietary nature, the Central Government shall be the sole authority to decide on the matter.

- (e) upon determination of a license or lease in respect of an on land area, a copy of the data shall also be provided to the State Government, which has granted license or lease.]

⁷⁶[19A. Recovery of helium from natural gas

- (1) Nothing contained in these rules or the terms of a license or a lease or a contract will give right to a licensee or a lessee to use, sell or otherwise dispose of Helium which may be produced with natural gas and the licensee/lessee shall dispose of such helium in accordance with such directions as may be issued in this behalf by the Central Government or by an officer or an agency duly authorised for this purpose by the Central Government.
- (2) If the Central Government desires to extract Helium from natural gas, the licensee/lessee, in order to enable the Government to install and operate equipment and facilities for carrying out helium recovery operations, shall make available to the Central Government or its nominee the area and utilities required for such operations and in such a case the licensee/lessee shall be entitled for compensation based on the internal company accounting practices to be mutually agreed between the licensee/lessee and the Central Government/its nominee.]

⁷⁶ Inserted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

CHAPTER V SUSPENSION AND CANCELLATION

20. Suspension of conditions of license or lease

- (1) Upon written application being made by the licensee or the lessee, or, where there are two or more of them, by not less than one-half of their number, ⁷⁷[the Central Government, where the license or the lease has been granted by it, or the State Government with the prior approval of the Central Government where the license or the lease has been granted by the State Government may, from time to time, if it considers that adequate reasons have been furnished, authorise], for **periods** not on any occasion exceeding six months, suspension of any or all of the terms, covenants or conditions relating to the working of the ⁷⁸[area] covered by the license or the lease.
- (2) ⁷⁹[The Central Government or the State Government, as the case may be] may, if it authorises suspension as aforesaid, impose such conditions as it may think fit for the protection of any bore-holes, equipment or works on such ⁸⁰[area], or for the protection of any petroleum deposits, water or minerals in such ⁸¹[area] or in any adjacent ⁸²[area], or for any other purpose whatsoever and the licensee or the lessee shall comply with such conditions as if they are incorporated in the license or the lease.

⁷⁷ Substituted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-

“the State Government, may from time to time, if it considers that adequate reasons have been furnished and with the prior approval of the Central Government authorise”

⁷⁸ Substituted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-

“land”

⁷⁹ Substituted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-

“The State Government”

⁸⁰ Substituted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-

“land”

⁸¹ Substituted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-

“land”

⁸² Substituted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-

“land”

21. Cancellation of licenses and leases

- (1) If the licensee or the lessee or his executors, administrators or assigns at any time during the term of the license or the lease:
- (a) fails to fulfil, or contravenes, any of the terms, covenants and conditions contained therein, or
 - (b) fails to use the ⁸³[area] covered by it bonafide for the purposes for which it has been granted, or
 - (c) uses such ⁸⁴[area] for a purpose other than that for which it has been granted, ⁸⁵[the Central Government, or, as the case may be, the State Government with the prior approval of the Central Government, ⁸⁶[may, after considering the representation, if any, made by such person, impose the penalty aforesaid]], where it is satisfied that the failure, contravention or user is such as cannot be remedied, on giving thirty days notice to such person, ⁸⁷[and after considering the representation, if any, made by him] forfeit the whole or any part of the security deposit made under rule 11(1) or rule 13(1)(a) and may cancel the license or the lease. Such cancellation shall be published in the Official Gazette and shall take effect from the date of such publication. If the failure, contravention or user is considered to be of a remediable nature, ⁸⁸[the Central Government or the State Government, as the case may be, shall give notice] to such person requiring him to remedy the same within sixty days from the date of receipt of the notice and informing him that the penalty as aforesaid may be imposed if such remedy is not provided within such period. ⁸⁹[The Central Government, or, as the case may be, the State Government with the prior approval of

⁸³ Substituted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-
“land”

⁸⁴ Substituted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-
“land”

⁸⁵ Substituted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-
“the State Government may, with the prior approval of the Central Government”

⁸⁶ Substituted *vide* Notification No. G.S.R. 684 dated 5th May, 1976, published in the Gazette of India, Part II, Section 3, sub section (i), for:-
“may impose the penalty as aforesaid”

⁸⁷ Inserted *vide* Notification No. G.S.R. 684 dated 5th May, 1976, published in the Gazette of India, Part II, Section 3, sub section (i).

⁸⁸ Substituted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-
“the State Government shall give notice”

⁸⁹ Substituted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-
“The State Government may, with the prior approval of the Central Government”

the Central Government, ⁹⁰[may, after considering the representation, if any, made by such person, impose the penalty aforesaid]] if such person fails to so remedy within such period:

Provided that the failure on the part of such a person to fulfil any of the terms, covenants and conditions of the license or lease shall not give the State Government any power to impose the penalty as aforesaid in so far as such failure arises from force majeure; and if through force majeure the fulfilment of any of the terms, covenants and conditions of the license or the lease be delayed, the period of such delay shall be added to the period fixed by the license or the lease for the performance of any act. "Force majeure" includes an act of God, war, insurrection, riot, civil commotion, tide, storm, tidal wave, flood, lightning, explosion, fire, earthquake, and any other happening which the licensee or the lessee could not reasonably prevent or control.

- (2) A license or a lease may be cancelled either wholly or in part ⁹¹[by the Central Government where such license or lease has been granted by it and by the State Government, after the approval of the Central Government, where such license or lease has been granted by it], upon the written request of the licensee or 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 license or a lease, if the State Government is of the opinion that survey or resurvey is necessary such survey or resurvey shall be carried out by a mining surveyor and the licensee or the lessee shall within the period specified by the State Government pay to the State Government for such survey or resurvey such fee as the State Government may, with the approval of the Central Government, determine.
- (3) If during the term of a license or a lease any part of the land covered by it is required for any public purpose, ⁹²[the Central Government or as the case may be the State Government after approval of the Central Government, may] upon one month's notice, ⁹³[and after considering the representation, if any, made by the person concerned] cancel such license or lease in so far as it relates to the said part of the land subject to such restrictions and conditions as it may impose and such cancellation shall

⁹⁰ Substituted *vide* Notification No. G.S.R. 684 dated 5th May, 1976, published in the Gazette of India, Part II, Section 3, sub section (i), for:-

"may impose the penalty as aforesaid"

⁹¹ Substituted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-

"by the State Government, after approval of the Central Government"

⁹² Substituted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-

"the State Government may, after approval of the Central Government and"

⁹³ Inserted *vide* Notification No. G.S.R. 684 dated 5th May, 1976, published in the Gazette of India, Part II, Section 3, sub section (i).

be published in the Official Gazette and shall take effect from the date of such publication.

⁹⁴[(4) Where the Central Government has entered into an agreement with the licensee, license and the lease as the case may be shall automatically stand cancelled upon the expiry or termination of such contract.]

⁹⁵**[22. Delivery of premises upon determination of license or lease**

- (1) Upon determination or cancellation or relinquishment in part or in full of a license, the licensee shall deliver the area released on account of the determination or cancellation or relinquishment after restoring it in good order and condition in accordance with international practices within six months from the date of such determination or cancellation or relinquishment, or within such further time as the Central Government or the State Government, as the case may be, may allow.
- (2) In the event of lessee opting not to continue mining operations and opts to relinquish the leased area in part or in full, or a lease is to be determined, the lessee shall deliver up the area released by such relinquishment or determination of lease after restoring it in good order and condition in accordance with the abandonment plan approved by the Central Government. However, lessee shall have to give prior written notice of at least one year before the date of intended relinquishment or determination as the case may be, to the Central Government along with an abandonment plan incorporating all actions and steps necessary to restore the area in accordance with international practices, for approval of the Central Government.
- (3) Upon cancellation of a mining lease under these rules, the lessee shall deliver up the area covered by such lease after restoring it in good order and condition in accordance with an abandonment plan, prepared in accordance with established international practices and approval by the Central Government.
- (4) Upon determination or cancellation or relinquishment of a license or a lease, the holder of such license or lease, as the case may be, shall take all necessary steps to prevent consequent hazards to human life, property, environment, marine resources or navigation, to the satisfaction of the Central Government or the State Government as the case may be.

⁹⁴ Inserted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

⁹⁵ Substituted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

- (5) ⁹⁶[The licensee or lessee after determination, cancellation or relinquishment of his license or lease shall immediately remove and dispose of any petroleum, all stores, equipment, tools, machinery from such area.]
- (6) If such petroleum, stores, equipment, tools, machinery and improvements are not removed or disposed off and the area restored to good order and condition within six months prior to the determination, relinquishment or cancellation of the license or lease, the Central Government 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 licensee or lessee.
- (7) The net proceeds of such sale shall be held by the Central Government, or the State Government, as the case may be, until applied for and obtained by the licensee or the lessee.]

23. Fee, etc., payable by due date

- (1) All license fees, lease fees, royalties and other payments under these rules shall, if not paid to ⁹⁷[the Central Government or the State Government, as the case may be] within the time specified for such payment, be increased by ⁹⁸[a penal rate of 200 (two hundred) basis points over the prime lending rate of State Bank of India for the delayed period.]
- (2) Subject to these rules, if any license fee, lease fee, royalty or other payment due in respect of a license or a lease is in arrears for more than three months, ⁹⁹[the Central Government or, as the case may be, the State Government with the prior approval of the Central Government, may] cancel such license or lease and such cancellation shall

⁹⁶ Substituted *vide* Notification No. G.S.R. 813(E), dated 16th December, 2004, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-

“(5) The licensee or lessee shall, prior to the determination or cancellation or relinquishment of licensed or leased area, remove and dispose of any petroleum, stores, equipment, tools, machinery from such area within six months of handing over the area.”

⁹⁷ Substituted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-

“the State Government”

⁹⁸ Substituted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-

“ten per centum for each month or portion of a month during which such fees, royalties or other payments remain unpaid”

⁹⁹ Substituted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-

“the State Government may, with the prior approval of the Central Government”

be published in the Official Gazette and shall take effect from the date of such publication.

CHAPTER VI CONSERVATION AND DEVELOPMENT

24. Preservation of cores and samples for examination etc.

- (1) Every licensee or lessee shall -
 - (a) so far as is reasonably practicable collect, label and preserve for reference for a period of at least twelve months all bore-cores and characteristic samples of the strata encountered in all borehole on the ¹⁰⁰[area] covered by the license or the lease and samples of any petroleum or water discovered in any bore-hole on such ¹⁰¹[area], and
 - (b) furnish to the Central Government detailed reports of all examinations made of such cores and samples.
- (2) Cores and samples preserved as aforesaid shall at all times be made available for examination to the agent authorised by the Central Government 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 licensee or the lessee unless the Central Government sees fit to direct otherwise.

25. Directions to prevent waste

The lessee shall comply with such directions as the Central Government, ¹⁰²[where the lease has been granted by that Government or where the lease has been granted by the State Government, as the Central Government, or the State Government, with the prior consent of the Central Government,] may issue restricting the use of petroleum or ¹⁰³[oil or gas or

¹⁰⁰ Substituted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-
“land”

¹⁰¹ Substituted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-
“land”

¹⁰² Substituted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-
“or the State Government with the prior consent of the Central Government”

¹⁰³ Substituted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-
“natural gas”

coal bed methane or gas hydrate] for any purpose which the Central Government or the State Government may consider to be uneconomical or conducive to waste.

26. Spacing of wells

The Central Government 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 Central Government, 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 ¹⁰⁴[three kilometres] of any mine, whether active or abandoned, unless the special permission of the Central Government is obtained in advance.

27. Restriction of production

The Central Government may in the interests of the conservation of mineral oils by general or special order, restrict the amount of petroleum or ¹⁰⁵[oil or gas or coal bed methane or gas from gas hydrate] that may be produced by a lessee in a particular field.

28. Regulations of operations

- (1) The Central Government may by notification in the Official Gazette prescribe conditions to regulate the conduct of operations by a lessee ¹⁰⁶[or licensee] in a field or area where it has reason to believe that the petroleum deposit extends beyond the boundary of the leased ¹⁰⁷[or licensed] area into areas worked by other lessees ¹⁰⁸[or licensee or into areas not covered by any license or lease] and may require the lessee

¹⁰⁴ Substituted *vide* Notification No. G.S.R. 842 dated 30th May, 1964, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-
“two miles”

¹⁰⁵ Substituted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-
“natural gas or both”

¹⁰⁶ Inserted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

¹⁰⁷ Inserted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

¹⁰⁸ Inserted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

¹⁰⁹[or licensee] to undertake any operation or prohibit any operation or permit it to be undertaken subject to such conditions as it may deem fit.

- (2) Any order under rule 27 or notification issued by the Central Government under sub-rule (1) of this rule shall be deemed to be a condition of the lease.

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

The Central Government may after reasonable notice to the lessee:

- (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 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 petroleum bearing or ¹¹⁰[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; and
- (d) recover from the lessee all the costs and expenses incurred in the performance of the operations so undertaken by the Central Government.

30. Suspension etc., of operations

No licensee or lessee shall:

- (i) suspend normal drilling;
- (ii) suspend normal producing operations;
- (iii) abandon an oil well or gas well;
- (iv) re-condition such a well;
- (v) resume drilling operations after a previous completion, suspension or abandonment of such a well; or

¹⁰⁹ Inserted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

¹¹⁰ Substituted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-
“gas bearing strata or to both”

- (vi) resume producing operations after a previous suspension without priorly giving to the Central Government 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 Central Government within twenty four hours of such suspension ¹¹¹[under intimation to the State Government].

31. Shutting down of wells

- (1) If the Central Government is satisfied after holding an enquiry that an oil well or gas well is being operated in such a way that any provision of these rules or any order of the Central Government pursuant to these rules has been or is being contravened, the Central Government may order that, on and after a date to be fixed by the order, no production is to be permitted from the well and that it is to be shut down and kept shut down until such time as the Central Government may specify.
- (2) If, in the opinion of the Central Government, waste, damage to property, or pollution can thereby be prevented, the Central Government may order the well to be shut down pending an enquiry under sub-rule (1), which enquiry shall be held within fifteen days of the making of such order.

32. Agency for supervision

- (1) For the purpose of ascertaining whether the provisions contained in rule 24 to 28 and 30 and any orders, instructions and directions issued thereunder have been or are being complied with by the licensee or the lessee and whether the prospecting or mining operations are being carried on by him in accordance with these rules, the Central Government may, by notification in the Official Gazette, constitute a suitable agency consisting of such number of persons as the Central Government 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 Central Government 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.

¹¹¹ Inserted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

¹¹²[32A. Penalties

- (1) If the holder of a Petroleum Exploration License or Mining Lease or his transferee or assignee fails, without sufficient cause, to furnish the information or returns or acts in any manner in contravention of sub-rule (2) of rule 14, rule 19, ¹¹³[Rule 21] and rule 24, or to allow any authorised person as provided in rule 32 to enter into and inspect any oil well or gas well or any drilled hole or information well in the process of drilling, he shall be punishable with imprisonment for a term which may extend to six months or with fine which may extend to one thousand rupees or with both.
- (2) Whoever, after having been convicted of any offence referred to in sub-rule (1), continues to commit such offence shall be punishable for each day after the date of the first conviction during which he continues so to offend, with fine which may extend to one hundred rupees.]

CHAPTER VII MISCELLANEOUS

33. Arbitration of disputes

Every license or lease shall be subject to the following term, namely:-

Any dispute (including ¹¹⁴[***] a dispute regarding the market price referred to in rule 18) between the Government and the licensee or the lessee regarding -

- a) any right claimed by the licensee or the lessee under the license or the lease, or
- b) any breach alleged to have been committed by the licensee or the lessee of any of the terms, covenants or conditions of the license or lease, or any penalty proposed to be inflicted therefor; or
- c) the fees, royalty or rents payable under the license or the lease, or
- d) any other matter or thing connected with the license or the lease,

¹¹⁵[shall be settled through arbitration and conciliation proceedings under the provisions of Arbitration and Conciliation Act, 1996 and the rules made thereunder as are applicable to such proceedings.]

¹¹² Inserted *vide* Notification No. G.S.R. 761 (E) dated 10th September, 1992, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

¹¹³ Inserted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

¹¹⁴ The words '*a dispute regarding the gross value referred to in rule 14 and*' omitted *vide* Notification No. G.S.R. 339 dated 26th February, 1965, published in the Gazette of India, Part II, Section 3, sub section (i).

¹¹⁵ Substituted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i), for the following:-

34. Saving of existing licenses & leases

Notwithstanding the supersession of Petroleum Concession Rules, 1949, all licenses and leases granted thereunder, which are still in force on the commencement of these rules, shall ¹¹⁶[subject to the provisions contained in sub-rule 1 (a) of rule 14] continue to be in force, and such supersession shall not affect:

- (i) any right, privilege, obligation or liability acquired, accrued or incurred under the said Petroleum Concession Rules, 1949, or
- (ii) any penalty, forfeiture or punishment incurred in respect of any contravention of the provisions of the said Petroleum Concession Rules, 1949, or the said licenses and leases.

¹¹⁷[Provided that any such license or lease may be modified by mutual agreement between the Central Government and the licensee or the lessee, where such license or lease has been granted by the Central Government, or between the State Government and the licensee or the lessee, with the approval of the Central Government, where such license or lease has been granted by the State Government.]

¹¹⁸35. Power to exempt from operation of certain rules

- (i) The Central Government may grant exemption under Section 12 of the said Act, subject to specified conditions to a licensee or lessee from the provisions of Rule 6(i) and (ii), Rule 11 sub-rules (1) and (2) or Rule 13, where it is in the public interest to do so.
- (ii) The Central Government, may consult the State Government in the matter of granting exemptions in respect of onland areas under sub-rule(i).]

“shall be settled by two arbitrators, one to be nominated by the Government and the other by the licensee or lessee; or, in case of disagreement between the arbitrators, by an umpire appointed by the arbitrators by writing under their hands before proceeding with arbitration. The arbitrators or the umpire shall also determine which party shall bear the expenses of the arbitration or whether such expenditure shall be divided between the two parties and if so, in what proportion. The Arbitrators or the umpires, as the case may be, may from time to time, with the consent of all the parties to the contract, enlarge the time, for making the award. Subject as aforesaid, the provisions of the Arbitration Act, 1940, and the rules thereunder for the time being in force shall apply to the arbitration proceedings under this clause.”

¹¹⁶ Inserted *vide* Notification No. G.S.R. 339 dated 26th February, 1965, published in the Gazette of India, Part II, Section 3, sub section (i).

¹¹⁷ Substituted *vide* Notification No. G.S.R. 371 dated 9th March, 1966, published in the Gazette of India, Part II, Section 3, sub section (i), for the following:-

“Provided that the said licenses and leases may be modified by mutual agreement between the State Government and the licensee or the lessee as the case may be, with the approval of the Central Government.”

¹¹⁸ Inserted *vide* Notification No. G.S.R. 295(E) dated 1st April, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, sub section (i).

SCHEDULE

[See Rule 14(2)]

*Monthly Return of Crude Oil, Casinghead Condensate and Natural Gas Produced*¹¹⁹[***]

Petroleum Mining Lease No.

Name of lease

Month & Year

A. Crude Oil

1	2	3	4	[5] ^{&}
Total [Metric Tonnes] [#] Obtained	[Metric Tonnes] [#] unavoidably lost or returned to natural reservoir	[Metric Tonnes] [#] used for purposes of petroleum mining operations approved by the State Government	[Metric Tonnes] [#] obtained less columns 2 and 3	Remarks

B. Casinghead Condensate

1	2	3	4	[5] ^{&}
Total [Metric Tonnes] [#] Obtained	[Metric Tonnes] [#] unavoidably lost or returned to natural reservoir	[Metric Tonnes] [#] used for purposes of petroleum mining operations approved by the State Government	[Metric Tonnes] [#] obtained less columns 2 and 3	Remarks

C. Natural Gas

1	2	3	4	[5] ^{&}
Total [cubic metres] [%] obtained	[cubic metres] [%] unavoidably lost or returned to natural reservoir	[cubic metres] [%] used for purposes of petroleum mining operations approved by the State Government	[cubic metres] [%] obtained less columns 2 and 3	Remarks

*I or We *of do hereby solemnly and sincerely declare and affirm that the information in this return is true and correct in every particular and * make this solemn declaration conscientiously believing the same to be true.

¹¹⁹ The words ‘and Value Thereof’ omitted vide Notification No. G.S.R. 339 dated 26th February, 1965, published in the Gazette of India, Part II, Section 3, sub section (i).

- The word “Kilolitres” substituted vide Notification No. G.S.R. 1457 dated 22nd November, 1979, published in the Gazette of India, Part II, Section 3, sub section (i).

% - The words “Cubic feet” substituted vide Notification No. G.S.R. 842 dated 30th May, 1964, published in the Gazette of India, Part II, Section 3, sub section (i).

& - Column 5 including its heading omitted and column 6 renumbered as column 5 vide Notification No. G.S.R. 339 dated 26th February, 1965, published in the Gazette of India, Part II, Section 3, sub section (i).