Oilfield (Regulatory and Development) Amendment Bill, 2024

Why in News?

Oilfield (Regulatory and Development) Amendment Bill, 2024, earlier passed by the Rajya Sabha, now passed by the Lok Sabha.

- **Aim –** To strengthen domestic oil and gas production, reducing dependence on imports.
- The Bill seeks to ***attract private investment*** into petroleum production while ensuring that the rights of existing leaseholders are not compromised.
- The Bill amends the ***Oilfields (Regulation and Development) Act, 1948***.
- **Definition of Mineral oils –**The 1948 act defines mineral oils to include petroleum and natural gas.
- The bill expands the definition to include
  - Any naturally occurring hydrocarbon,
  - Coal bed methane, and
  - Shale gas/oil.
- It clarifies that mineral oils ***will not include*** coal, lignite or helium.
- **Petroleum Leases -** The Bill replaces the term 'mining leases' with 'petroleum leases', which will now govern exploration, production, and disposal activities.
  - To streamline environmental and land clearances, which have often caused delays in oil and gas projects.
- The Bill clarifies that existing mining leases issued under the 1948 Act will remain valid and unchanged.
- **Powers of central government -** The Bill grants the Central government greater rule-making powers to regulate various aspects of petroleum leases, which included
  - The merging of petroleum leases for operational efficiency,
  - The sharing of infrastructure facilities among leaseholders, and
  - The obligations of lessees to protect the environment and reduce emissions.
- **Alternative Dispute Resolution -** It also introduces alternative dispute resolution mechanisms, allowing conflicts to be settled either within ***India or internationally.***
- **Penalties -** New Bill replaces imprisonment with financial penalties, increasing the ***maximum fine to ₹25 lakh***, which the previous act consists of up to 6months or a fine of ₹1,000, or both.
- The Bill adds following offences
  - Undertaking activities related to mineral oils such as exploring, prospecting, and production without a valid lease, and
  - Non-payment of royalty.
- If violations continue, an *extra fine of up to ₹10 lakh per day* may be imposed.
- **Adjudicating Authority for Penalties -** A new system with an ***officer of Joint***

Secretary rank or higher being appointed to adjudicate financial violations has been introduced.

- Appeals against their decisions will be directed to the ***Appellate Tribunal*** under the Petroleum and Natural Gas Regulatory Board (PNGRB) Act, 2006.
- If further appeals are needed, cases will be heard by the Appellate Tribunal for Electricity, which operates under the Electricity Act, 2003.

India currently consumes 5.5 million barrels of crude oil in a day. Meanwhile, the country's dependency on imports for crude oil needs is over 85% and stands at around 50% for natural gas.

References

1. DD News | Oilfield (Regulatory and Development) Amendment Bill, 2024
2. PRS INDIA | Oilfields (Regulation and Development) Amendment Bill, 2024

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