

## 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 6 months 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](#)

