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KEY TAKE AWAYS AND ACTIONABLE POINTS

K S Shaktawat

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ORDA Act, 2025 details about regulations and provisions related to :

- Petroleum leases, mineral oil operations, management of petroleum resources environmental protection, dispute resolution and infrastructure sharing in the context of India's petroleum industry.
- Regulations for the exploration and exploitation of mineral oil ,in India.
- These rules aim to ensure efficient operations while adhering to environmental standards.

These rules do not alter the existing provisions of the Petroleum Act, 1934, or its associated rules.

- **Preservation of existing laws:** The Petroleum Act, 1934 remains unaffected.
- **Continuity:** Rules are supplementary to existing legislation.
- It defines terms such as mineral oil ,lessee and comprehensive energy project.
- **Mineral oil operations:** Encompasses exploration, development, and production activities.
- Lease terms are a minimum of 4 years and upto 30 yrs.
- Lease extension possible based on economic life of the field.
- **Rights of Lessee:** Exclusive rights to explore and produce ; can also undertake renewable energy and decarbonisation projects at oilfields.

- **The Single Petroleum Lease system** : Aims to streamline hydrocarbon operations. “petroleum lease,” a single permit system covering all upstream activities (exploration, prospecting, production, making merchantable, and disposal)
- **Relinquishment and Retention of Leased Areas**
- Lessees can voluntarily relinquish leased areas with prior notice, while mandatory relinquishment may occur under specific contract terms. The effective date of relinquishment is determined by the notice submitted.
- **Special Authorizations for Mineral Oil Operations :**
- The Government may grant special authorizations for conducting operations across land and offshore areas. Specific conditions apply regarding surface leases and royalty payments.
- Special authorizations allow lessees to operate from onland areas for offshore extraction.
- Lessees must obtain surface leases for onland operations.
- Royalty payments are directed to the appropriate Government based on the area of operation.

- **Lease Rent & Royalty :**
- Fixed rates defined for leased and development areas; royalties based on actual production, with specific provisions for reporting and verification.
- **Amalgamation & Unitization :**
- Allows of leases or joint development where reservoirs extend across lease boundaries.
- Unitization encouraged for shared reservoirs with mechanisms for mutual agreements or government intervention.

- **Government Incentives for Mineral Oil Operations**

- The Government of India has the authority to incentivize operations in specific basins to promote exploration and production. This includes relaxing terms and offering fiscal incentives in the public interest.
- Different categories of basins may be notified by the Government.
- Fiscal incentives can be offered to promote operations in certain areas.
- Existing licenses and contracts remain unaffected by new categorizations.

- **Committed Work Program Requirements**

- Lessee contracts mandate a committed work program to be completed within specified timeframes, with possible extensions at the Government's discretion. The maximum duration for onland and offshore blocks is defined.
- Lessees must complete a committed work program within set periods.
- Maximum duration: 8 years for onland blocks, 10 years for offshore blocks.
- Extensions may be granted at the Government's discretion.

- **Infrastructure Sharing :**

- Encourages shared use of pipelines, storage, and other infrastructure, especially after cost recovery phase.
- Right of first use provided to original developer.

- **Data and Environmental Provisions:**

- **Data Collection & Sharing:** Mandatory submission and central repository for geological, geophysical, and operational data.
- **GHG Monitoring & Sequestration:** Rules on reporting greenhouse gas (GHG) emissions and storage of CO₂ (carbon sequestration).
- **Site Restoration:** Obligatory plans and funds for decommissioning and restoring sites post-production.

• **Dispute Resolution and Adjudication Process :**

- The Government of India has established an Adjudicating Authority to handle disputes related to mineral oil operations, with a structured process for complaints and penalties.
- An Adjudicating Authority will be constituted to adjudicate penalties.
- Complaints can be filed by the Government or aggrieved parties.
- The authority has powers to summon witnesses and require document production.

Conclusion

- Signals a major policy shift towards a more transparent and environmentally responsible oil & gas regime.
- Stakeholders including licensees ,state governments, and central Government are expected to benefit from the clarity and modernization these rules bring.
- Single Petroleum Lease for streamlining operational activities
- It envisages smooth and efficient operational activities for speedy development and production of mineral oil resources of the country.
- Detailed lease management, including amalgamation, extension, and relinquishment.
- **Intensified E&P operations for Shale Gas and other Energy Resources**

Conclusion

- Strong and Modernized framework for data governance and management.
- Emphasis on environment and Decarbonisation. I
- Structured process for site restoration and environmental compliance.
- Faster dispute resolution mechanism.
- Improved investor clarity and ease of doing business.
- **Geothermal** Projects also to be brought under Hydrocarbon Efficiency & New Energy Dept of DGH for generating Cleaner Energies

Key Takeaways and Action Points (Forest Regulations)

- Already circulated to you after presentation of Mr Lahiri
- A formal request letter from MoPNG to MoEF&CC for Consideration of O&G Projects as Non-Mining

Key Takeaways and Action Points (P&NG Rules)

- To avoid micro management of the contract and giving freedom to contractors to Operate Revenue Sharing Contract (RSC) **in place of PSC**
- **To intensify exploration & for EoDB, following may be incorporated in the policies/regulations**
- Exploration Phase for Cat-I Basins (OALP) **may be increased to minimum 7 years** for Onshore/Shallow/DW.
- Also introduce simplified Extension Policy for HELP as was in NELP based on merit
- **Tax Holiday for 7 years may be introduced in Deep Water/Ultra DW as incentives.**
- Uniformity in Model Lease Agreements across all State and UTs to avoid delays

Key Takeaways and Action Points (P&NG Rules)

- Re-categorisation /Sub-categorisation of Basins for Fiscal benefit
- EOR Projects are to be given more thrust- As EOR contributes 3% of world crude oil production and Investments on EOR will be much better option than other non-conventional Investments- ER Policy need to be reviewed by GoI
- Policies of Australia for acreages - “Use it or loose it” may be thought of
- For IR projects, cut off of 60% for Oil and 80% for Gas need to be reduced (Oil-30-35%, Gas-50%)
- Fiscal incentive for reference point 80\$/bbl be removed
- Fiscal incentive should continue beyond 120 months
- Fiscal incentive (50% Cess reduction and equivalent in other regimes) may be increased
- No revenue share for small discoveries in DSF Blocks (< 1 or 2 MMTOE). In case of wind fall gain, Revenue share ~ 10-30% may be shared
- Reduce cess on crude oil (currently levied at 20%)

Key Takeaways and Action Points (P&NG Rules)

- Separate FISCAL Regime to be adopted for Un-conventional Hydrocarbons along with conventional O&G
- Reduce cess on crude oil (currently levied at 20%)
- Reduce Cess on Marginal fields
- Graded Royalties for EOR/IOR projects
- Compendium to be prepared and published related to Orders of Adjudicating Authorities etc
- Apart from TAX, CESS, GST etc there are many other associated cost is involved which varies from State to State- A Dental cost estimation of such expenses needed for comfort of the Operators
- Commercial aspects in E&P should be introduced to bring expertise and global participation
- EODB in true sense for executing projects after allotment of the blocks by GoI
- Collaborative Approach for Industry and Government towards implementation of ORDA Act, 2025 for India's Energy Security



Thank you