

Boost to Ease of Doing Business in Petroleum & Natural Gas Sector

Cabinet approves Delegation of Powers to Minister of Petroleum and Natural Gas and Minister of Finance to approve the award of the Blocks/Contract Areas to successful bidders under HELP/OALP after International Competitive Bidding (ICB)

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In line with the Government initiative of ease of doing business, the Union Cabinet chaired by Prime Minister Shri Narendra Modi has given its approval for delegating the powers to Minister of Petroleum and Natural Gas and Finance Minister to award the Blocks/Contract Areas to successful bidders under Hydrocarbon Exploration and Licensing Policy (HELP) after International Competitive Bidding (ICB) based on the recommendations of Empowered Committee of Secretaries (ECS). Under HELP, Blocks are to be awarded twice in a year. Therefore, this delegation of powers will expedite the decision making process on awarding blocks and give a boost to the initiative of ease of doing business.

Impact:

Under the NELP Policy, ECS considers the Bid Evaluation Criteria (BEC), conducts negotiations with the bidders wherever necessary and make recommendations to CCEA on award of blocks. The CCEA approves the award of blocks. The entire process, including Inter Ministerial Consultations (IMC) is quite lengthy and time consuming. In consonance with the Government initiative of 'Ease of Doing Business', it is desirable to shorten the duration of time taken for award of the Blocks / Contract Areas. Under the New Hydrocarbon Exploration and Licensing Policy' the competitive bidding will be continuous and blocks will be awarded twice a year.

Background:

Government of India launched a new policy regime for Exploration & Production (E&P) sector namely Hydrocarbon Exploration and Licensing Policy (HELP) in 2016 which is paradigm shift from earlier policy regime. The main features of new Policy regime are Revenue Sharing Contract, single Licence for exploration and production of conventional as well as unconventional

Hydrocarbon resources, marketing & pricing freedom, etc. Open Acreage Licensing Policy (OALP) under HELP, is main innovative feature wherein investor can carve out Blocks of their own interest and submit an Expression of Interest (Eoi) throughout the year. Based on the areas for which expression of interest has been expressed bidding will be conducted every 6 months.

Government received an overwhelming response in first Eoi cycle of OALP which started on 1st July, 2017 and closed on 15th November, 2017. In the first Bid round, 55 blocks, having an area of 59282 sq.km spreading across 11 States have been offered for bidding. The bidding process is being handled through a secured and dedicated e-bidding portal.

AKT/VBA/SH

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