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## Open Acreage Licensing Policy

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### Why in News

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Recently, contracts for 11 oil and gas blocks offered under the **Open Acreage Licensing Policy (OALP)** Bid Round-V were signed.

### Key Points

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- **OALP:**

- The **Hydrocarbon Exploration and Licensing Policy (HELP)** replacing the erstwhile **New Exploration Licensing Policy (NELP)** was approved in March 2016 and the **Open Acreage Licensing Policy (OALP)** along with the **National Data Repository (NDR)** were launched in June 2017 as the key drivers to accelerate the Exploration and Production (E&P) activities in India.
- Under OALP, **companies are allowed to carve out areas they want to explore oil and gas in.** Companies can put in an expression of interest for any area throughout the year but such interests are accumulated thrice in a year. The areas sought are then put on auction.
- The successful roll-out of the HELP regime, followed by OALP Bid Rounds, has led to **an increase in exploration acreages** in India.

The exploration acreage which stood at about 80,000 sq. km. from earlier regimes now stands at approx. 2,37,000 sq. km., post the award of blocks under OALP Round-V.

- The OALP has helped in **removing red-tapism** and brought in a quantum jump in the **Exploration & Production sector.**

- **Concerns:**
  - **Inadequate Role of Private Players:** State-owned Oil and Natural Gas Corp (ONGC) and Oil India (OIL) have won all the 11 blocks offered in the latest bidding round for oil and gas exploration blocks.
    - The **lack of interest from private players** in recent rounds of OALP bidding has been a result of **a lack of policy clarity** from the government and **unsuitable taxation** and regulatory conditions.
    - A **proposal** by the Petroleum Ministry to **reduce the oil cess charge** on domestic production of crude has been **rejected by the Finance Ministry.**
  - **Limited Participation of Foreign Companies:** India's efforts to attract foreign energy giants into hydrocarbon exploration and production haven't been quite fruitful.

## **Hydrocarbon Exploration and Licensing Policy**

- Under this Policy, exploration blocks shall be awarded on a continuous basis through e-bidding in a transparent manner.
- **Features:**
  - **Revenue sharing model** instead of Profit sharing for hydrocarbon exploration.  
Under revenue sharing model, the government share accrues immediately on production, unlike in cost-recovery where the contractors first claimed its costs before splitting leftover profits, if any.
  - **Unified license** for all types of hydrocarbons.
  - **Freedom to carve out acreages of choice** under OALP bid rounds.
  - **Full marketing and pricing freedom** of gas.

## **National Data Repository**

- NDR is a **government-sponsored E&P data bank** with state-of-the-art facilities and infrastructure for preservation, upkeep and dissemination of data to enable its systematic use for future exploration and development.
- Following are the data that is being stored in NDR: Seismic Data, Well & Log Data, Spatial Data, other data like Drilling, Reservoir, Production, Geological, Gravity & Magnetic etc.
- Having an NDR for India has helped in **enhancing prospects of petroleum exploration and facilitating the Bidding Rounds** by improving the availability of quality data.

## **Source: PIB**