



# drishti

## Government to Open Bid for Oil/Gas Licensing

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The Centre has launched a new round of the auction for the 14 blocks for prospecting of oil and gas.

- The auction will be done under the **Open Acreage Licensing Programme (OALP)** under the liberalized **Hydrocarbon Exploration and Licensing Policy (HELP)**.
- The blocks on offer in OALP-II include one in deep waters of Krishna Godavari basin and five shallow water blocks — two each in Andaman and Kutch basin and one in Mahanadi basin. Eight on land blocks - four in Mahanadi basin, two in Cambay and one each in Rajasthan and Cauvery are on offer.
- The 14 blocks on offer measure around 29,000 square kilometers in area and are estimated to hold an in-place resource of 12,609 million tonnes of oil and oil equivalent gas.

### Procedure of Auction

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- Under the Open Acreage Licensing Programme or OALP, **companies are allowed to put in an expression of interest (Eoi) for prospecting of oil and gas in any area** that is presently not under any production or exploration license.
- The blocks or areas that receive Eois at the end of a cycle are put up for auction with the originator or the firm that originally selected the area getting a 5-mark advantage.
- Blocks are awarded to the company which **offers the highest share of oil and gas to the government** as well as commits to doing **maximum exploration work by seismic survey and drilling exploration wells**.

### Significance of Auction

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- Increased exploration will lead to **more domestic oil and gas production**, helping India, which is the world's third largest oil importer, cutting import dependence.
- New blocks will bring **substantial investment in the sector** and will help in **generating employment**.

- It will also help in achieving the **government target of cutting oil import bill by 10% to 67% by 2022 and to half by 2030.**

### Hydrocarbon Exploration Licensing Policy (HELP)

- The government has launched the Hydrocarbon Exploration Licensing Policy (HELP) replacing the old policy of National Exploration and Licensing Policy (NELP).
- Four main facets of HELP are:
  - **uniform license** for exploration and production **of all forms of hydrocarbon,**
  - an **open acreage policy,**
  - easy to administer the **revenue sharing model** and
  - **marketing and pricing freedom** for the crude oil and natural gas produced.
- The uniform license will **enable the contractor to explore conventional as well as unconventional oil and gas resources** including coal bed methane, shale gas/oil, tight gas, and gas hydrates.
- The concept of **Open Acreage Policy enables Exploration and Production (E&P) companies to choose the blocks from the designated area.**
- The new policy has replaced the old system of government carving out areas and bidding them out.
- It guarantees marketing and pricing freedom and moves away from production sharing model of previous policy to a revenue-sharing model, where companies offering the maximum share of oil and gas to the government are awarded the block.
- Under the new regime, **the Government will not be concerned with the cost incurred and will receive a share of the gross revenue** from the sale of oil, gas etc. This is in line with Government's policy of **"Ease of Doing Business"**.
- HELP also provides for marketing freedom for crude oil and natural gas produced from these blocks. This is in tune with Government's policy of **"Minimum Government -Maximum Governance"**.

### National Data Repository

- National Data Repository (NDR) is an **integrated data repository of Exploration and Production (E&P) data of Indian sedimentary basins.**
- NDR is a **fully Government of India owned** E&P data repository.
- NDR is **hosted at Directorate General of Hydrocarbons (DGH).** DGH is a technical arm of the Ministry of Petroleum and Natural Gas (MoPNG).
- NDR offers an unique platform to all E&P Operators, E&P Service Companies, E&P Investors, Academia to delve inside diverse E&P datasets of Indian sedimentary basins.

### Seismic Surveys

- Reflection seismology (or seismic reflection) is a **method of exploration geophysics** that uses the principles of seismology to estimate the properties of the earth's

subsurface from reflected seismic waves.

- The method requires a **controlled seismic source of energy, such as dynamite or a specialized air gun.**