

TABLE OF CONTENTS

CHAPTER I : PRELIMINARY	1
1. Short title and commencement	1
2. Savings	1
3. Definitions.....	1
4. Interpretation.....	6
PART I: PETROLEUM LEASES.....	7
CHAPTER II : GENERAL.....	7
5. The Government of India may prospect for and produce mineral oils.....	7
6. No hindrance to mineral oil operations.....	7
CHAPTER III : PETROLEUM LEASE	7
7. Application for grant of petroleum lease	7
8. Grant of petroleum lease	8
9. Area and term of the petroleum lease	8
10. Rights of Lessee	8
11. Lease rent	9
12. Extension of the term of Petroleum Lease	10
13. Relinquishment of leased area	11
14. Extension of leased area where reservoir extends to an area not awarded to any person.....	11
15. Unitization	12
16. Royalty on mineral oils and furnishing of returns and particulars.....	13
17. Stabilisation	14
18. Penalty for producing mineral oils from outside the leased area	15
19. Application for Merger of Leases	15
20. Cancellation of lease(s)	15
CHAPTER IV : OTHER PROVISIONS RELATING TO THE PETROLEUM LEASE	16
21. Survey	16
22. Identification of areas.....	16
23. Transfer or Assignment.....	16
24. Pre-emption	17
25. General Provisions.....	17
26. Recovery of helium from natural gas	17
27. Continuity of mineral oil operations upon cancellation of petroleum lease.....	17
28. Delivery of premises upon determination of petroleum lease	18
29. Interest.....	18
30. Surface Rights	18
PART II: MINERAL OIL OPERATIONS	19
CHAPTER V : GENERAL.....	19
31. Control of operations to prevent escape of mineral oils or access of water	19
32. Suspension etc., of operations	19
33. Agency for supervision	19
34. Development and Monitoring of comprehensive energy projects at oilfields	20
CHAPTER VI : COLLECTION, AGGREGATION, DISSEMINATION, USE AND SHARING OF DATA AND SAMPLES RELATED TO MINERAL OILS	21
35. Cores and Samples.....	21
36. Title in data and lessee's duty to submit data	21

37.	Lessee's rights to use data	21
38.	Use and Dissemination of Data and Samples.....	21
39.	Protection of proprietary data.....	22
40.	Transitional and Operational Access Obligations	23
CHAPTER VII : ENVIRONMENT PROTECTION, DECARBONISATION, MONITORING OF GREENHOUSE GAS EMISSIONS AND FLARED GAS.....		23
41.	Environmental Protection	23
42.	Monitoring and Reporting of Greenhouse Gas Emissions	23
43.	Authorisation for GHG Sequestration, Injection and Storage Permit.....	24
44.	Monitoring, Reporting, and Verification.....	25
45.	Closure and Post-Injection Monitoring	25
46.	Measurement and reporting of Flared Gas	26
47.	Site Restoration.....	26
CHAPTER VIII : SHARING OF INFRASTRUCTURE AND FACILITIES		26
48.	Declaration of Infrastructure Capacity	26
49.	Development and sharing of infrastructure by mutual agreement	27
50.	Application and Declaration Process of excess capacity in Infrastructure Facilities.....	27
PART III: ADJUDICATING AUTHORITY AND DISPUTE RESOLUTION.....		28
CHAPTER IX : ADJUDICATING AUTHORITY.....		28
51.	Constitution of Adjudicating Authority.....	28
52.	Continuity of Proceedings	28
53.	Jurisdiction of the Adjudicating Authority	28
54.	Powers of Adjudicating Authority	28
55.	Procedure before the Adjudicating Authority	28
56.	Orders of the Adjudicating Authority	31
57.	Payment of Penalty and Interest	31
58.	Appeals	32
59.	Recovery of Penalties Imposed	32
CHAPTER X : DISPUTE RESOLUTION.....		32
60.	Settlement of disputes.....	32
PART IV: SPECIAL PROVISIONS FOR NOMINATION BLOCKS.....		34
CHAPTER XI : SPECIAL PROVISIONS FOR REGULATION OF MINERAL OIL OPERATIONS IN AREAS AWARDED ON NOMINATION BASIS TO NATIONAL OIL COMPANIES		34
61.	Applicability	34
62.	Discovery	34
63.	Submission of Field Development Plan	34
64.	Monitoring of Development and Production Operations	35
65.	Relinquishment of leased area	35
66.	Site Restoration	35
PART V: TRANSITIONAL AND MISCELLANEOUS PROVISIONS		36
CHAPTER XII : APPLICABILITY OF RULES TO EXISTING LICENSES AND LEASES AND TRANSITIONAL PROVISIONS.....		36
67.	Extension of rights under existing contracts, leases or licenses for all mineral oils	36
68.	Option for existing licensees and lessees.....	36
69.	Application for Petroleum Leases to be filed upon expiry of existing licenses and leases	36
70.	Amendment of lease upon of extension of leased area	36
CHAPTER XIII : MISCELLANEOUS.....		37

71.	Power to remove difficulties and exempt from operation of certain rules	37
72.	Modification of terms of petroleum lease	37
73.	Repeals and Savings.	37
	SCHEDULE [●] PENALTIES.....	39

THE PETROLEUM AND NATURAL GAS RULES, 2025

In exercise of powers conferred by Section 5 and Section 6 of the Oilfields (Regulations and Development) Act, 2025 (of 2025) and in supersession of the Petroleum Concession Rules 1949 and Petroleum and Natural Gas Rules 1959, the Central Government hereby makes the following rules, regulating the grant of petroleum leases in respect of mineral oils which belongs to Government, and for conservation and development thereof, namely:-

CHAPTER I : PRELIMINARY

1. Short title and commencement

- (1) These rules may be called the Petroleum and Natural Gas Rules, 2025.
- (2) They shall come into force on the _____.

2. Savings

Nothing in these rules shall affect the provisions of the Petroleum Act, 1934 (30 of 1934), or the rules made thereunder.

3. Definitions

In these rules, unless the context otherwise requires,

- (i) “**associated natural gas**” means natural gas produced in association with crude oil either as free gas or in solution, if such crude oil can by itself be commercially produced;
- (ii) “**bore-hole**” means a well drilled in the sub-surface with or without obtaining the cores of rock samples for the purpose of ascertaining any information;
- (iii) “**calendar day**” means any of the seven days of a week;
- (iv) “**coal bed methane**” means Natural Gas consisting primarily of methane contained in coal beds under Reservoir condition and extracted from there during Mineral Oil Operations;
- (v) “**comprehensive energy project**” shall mean any integrated initiative or undertaking that encompasses the exploration, extraction, development, generation, transmission, distribution, storage and utilisation of energy resources including but not limited to renewable energy sources, exploration and production of hydrogen;
- (vi) “**condensate**” means those low vapour pressure hydrocarbons obtained from natural gas through condensation or extraction which are in the form of liquid at normal surface temperature and pressure conditions;
- (vii) “**continental shelf**” shall have the same meaning as assigned to it in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and Other Maritime Zones Act, 1976 as amended from time to time;

- (viii) “**contract**” means any agreement entered into between the Government of India and a lessee in relation to the conduct of any mineral oil operations in any leased area, but does not include the petroleum lease;
- (ix) “**crude oil**” means petroleum in its natural state in liquid, viscous or solid form before it has been refined or otherwise treated from which water and foreign substances have been extracted;
- (x) “**day**” means any of the calendar days which is not a holiday notified by the Government of India or the State Government, as applicable, for the purposes of these rules;
- (xi) “**data**” means any information related to or arising out of or connected with mineral oil operations and includes, but is not limited to, geological, geophysical, geochemical, petrophysical, engineering data, well logs, maps, reservoir, drilling, production, and operational information, whether raw, modified, altered, adapted, aggregated, organized, structured, aligned, indexed, or otherwise interpreted, and also includes all interpretative and derivative data, including analyses, evaluations, and reports prepared by or on behalf of the lessee;
- (xii) “**decarbonisation**” means reduction of greenhouse gas emissions, capture of carbon emissions and transition to renewable and low carbon energy sources;
- (xiii) “**development area**” means that part of the leased area which encompasses one or more discovery(ies), and any additional area that may be required for proper development of such discovery(ies);
- (xiv) “**development operations**” means operations conducted in accordance with the field development plan and shall include, but not be limited to the purchase, shipment or storage of equipment and materials used in developing mineral oil accumulations, the drilling of wells, the laying of gathering lines, the installation of facilities and equipment required to produce, process and transport mineral oil into mineral oil storage or processing facilities;
- (xv) “**discovery**” means the finding, during mineral oil operations, of a deposit or several deposits of mineral oil not previously known to have existed, which can be recovered at the surface in a flow measurable by standard testing methods used in the mineral oil industry;
- (xvi) “**drilling**” or “**boring**” means perforation of the earth’s surface crust by mechanical means (irrespective of whether the hole caused by the perforation is vertical, inclined, or horizontal) and includes all operations for preventing collapse of the sides of such hole or for preventing such hole from being filled with extraneous materials including water;
- (xvii) “**exclusive economic zone**” shall have the same meaning as assigned to it in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and Other Maritime Zones Act, 1976 as amended from time to time;

- (xviii) “**exploration operations**” means operations conducted in the leased area in search for mineral oil accumulation not previously known to have existed, or appraisal of such mineral oil accumulation and shall include but not be limited to aerial, geological, geophysical, geochemical, paleontological, palynological, topographical and geo-scientific surveys, analysis, studies and their interpretation, investigations relating to the sub-surface geology including drilling of exploration wells and appraisal wells, testing and other related activities such as surveying, drill site preparation and all work necessarily connected therewith that is conducted in connection with mineral oil exploration;
- (xix) “**field**” means the general area, which is underlaid, or appears to be underlaid, by at least one reservoir and shall include the underground reservoir or reservoirs containing mineral oil;
- (xx) “**field development plan**” means each field development plan submitted by the lessee to the Government of India, in accordance with these rules, the petroleum lease or the contract;
- (xxi) “**financial year**” means the period from the first day of April to the thirty-first day of March of the following calendar year;
- (xxii) “**gas well**” means any well the production from which is predominantly natural gas or condensate, or both in quantity;
- (xxiii) “**geophysical survey**” means the search, by instruments for the presence of suitable underground geological structures and includes the sinking of bore-holes for detonating explosives necessary for the purpose, but not the drilling of deep core-holes or the sinking of trial shafts, trenches, or other kinds of large and deep excavations connected with prospecting;
- (xxiv) “**greenhouse gas**” / “**GHG(s)**” means gas that traps heat in the atmosphere including but not limited to carbon dioxide, methane, nitrous oxide, hydrofluorocarbons and perfluorocarbons;
- (xxv) “**greenhouse gas emission**” means the release of greenhouse gases from any mineral oil operations, including but not limited to flaring, venting, and combustion processes;
- (xxvi) “**hydrocarbons**” means any organic compound of hydrogen and carbon;
- (xxvii) “**leased area**” means the sub-surface area specified in the petroleum lease within which the mineral oil operations can be undertaken, and which may be extended or relinquished in part or fully, in accordance with these rules, from time to time;
- (xxviii) “**lessee**” means any entity which has been granted a petroleum lease or a mining lease, as the case may be;
- (xxix) “**license**” means a petroleum exploration license granted prior to the commencement of these rules;

- (xxx) “**licensee**” means any entity which has been granted a petroleum exploration license prior to the commencement of these rules;
- (xxxi) “**mineral oil operations**” means, as the context may require, exploration operations, development operations or production operations or any combination of two or more of such operations, including construction, operation and maintenance of all necessary facilities, plugging and abandonment of wells, safety, environmental protection, transportation, storage, sale or disposition of mineral oil, site restoration and any or all other incidental operations or activities as may be necessary;
- (xxxii) “**mining lease**” means a lease granted for the purpose of searching for, winning, working, getting, making merchantable, carrying away or disposing of mineral oils or for purposes connected therewith, and includes an exploring or a prospecting license granted before the commencement of the Oilfields (Regulation and Development) Amendment Act, 2024;
- (xxxiii) “**monitoring, reporting, and verification**” / “**MRV**” means and refers to a system of continuous oversight, data collection, and periodic submission of reports relating to GHG storage and sequestration activities;
- (xxxiv) “**national oil companies**” means any company engaged in mineral oil operations in which not less than fifty-one per cent. of the paid-up share capital is held by the Government of India, or by any State Government or Governments, or partly by the Government of India and partly by one or more State Governments, and includes a company which is a subsidiary company of such a national oil company;
- (xxxv) “**natural gas**” or “**gas**” means gas obtained from wells and consisting primarily of hydrocarbons but does not include helium occurring in association with such hydrocarbons;
- Explanation- natural gas includes associated natural gas and non-associated natural gas and all its constituent elements;
- (xxxvi) “**non-associated natural gas**” means natural gas which is produced either without association of crude oil or in association with such quantities of crude oil which by itself cannot be commercially produced;
- (xxxvii) “**oil well**” means any well which is capable of producing crude oil and which is not a gas well;
- (xxxviii) “**petroleum**” means naturally occurring hydrocarbons, whether in the form of liquid viscous or solid, or a mixture thereof, but does not include coal, lignite and helium occurring in association with petroleum or coal or shale;
- (xxxix) “**production operations**” means all operations conducted for the purpose of producing mineral oil from the development area after the commencement of production from the development area including the operation and maintenance of all necessary facilities thereof;

- (xl) “**prospect**” with its grammatical variations means search for a mineral oil deposit;
- (xli) “**renewable energy**” means the energy generated from renewable energy sources;
- (xlii) “**renewable energy sources**” shall have the meaning assigned to it under rule 2 (a) (f) of the Electricity Rules, 2005;
- (xliii) “**reservoir**” means a naturally occurring accumulation of mineral oil including a geological unit limited by rock characteristics by structural or stratigraphic boundaries or coal or lignite of any rank which contains mineral oil (whether in association or independent of water or any other minerals) or a combination of these;
- (xliv) “**samples**” include core, cuttings, fluid, rock, soil, and any other physical material collected during mineral oil operations;
- (xlv) “**sequestration**” means the process of capturing and permanently storing greenhouse gases within underground geological formations, particularly in depleted oil and gas reservoirs, deep saline aquifer, basaltic formations and coal bed methane reservoirs;
- (xlvi) “**site restoration**” shall mean all activities required to render a site compatible with its intended after-use as far as practicable, after cessation of mineral oil operations pursuant to a plan approved by the Government and shall include, where appropriate, abandonment of wells or other facilities, removal of equipment, structures and debris, establishment of compatible contours and drainage, replacement of top soil, in-filling of excavations and any other appropriate measures as may be required;
- (xlvii) “**state government**” has the meaning assigned to it under the General Clauses Act, 1897 and shall, unless the context otherwise requires, include a Union Territory as defined under the General Clauses Act, 1897;
- (xlviii) “**stratum**” means a layer of rock more or less similar throughout a lithological unit;
- (xlix) “**the Act**” means the Oilfields (Regulation & Development) Act, 1948 (53 of 1948) as amended from time to time;
- (l) “**territorial waters**” shall have the same meaning as assigned to it in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and Other Maritime Zones Act, 1976 as amended from time to time; and
- (li) “**waste**” includes the following:-
 - (i) the inefficient, excessive, or improper use or dissipation of reservoir energy, and the locating, spacing, drilling, equipping, operating or producing of any oil or gas well in a manner which results or tends to result in reducing the quantity of mineral oils or gas ultimately to be recovered from any reservoir;

- (ii) the inefficient storing of mineral oils; and the locating, spacing, drilling, equipping, operating or producing of any oil or gas well in a manner causing or tending to cause unnecessary or excessive surface loss or destruction of mineral oils;
- (iii) producing mineral oils in such a manner as to cause unnecessary channelling of water or gas or both, or coming of water;
- (iv) the submerging with water of any stratum or part thereof capable of producing mineral oils;
- (v) the creation of unnecessary fire hazards;
- (vi) the escape into the open air, from a well producing mineral oils in excess of the amount which is necessary for efficient production from the well; and
- (vii) permitting gas produced from a gas well to escape into open air.

4. Interpretation

- (1) Any terms not defined in these rules but defined in the Act shall have the meaning defined in the Act.
- (2) Reference to “the contract” in these rules shall refer to the contract entered into between the Government of India and the lessee in whose context any rule is applicable.

PART I: PETROLEUM LEASES

CHAPTER II : GENERAL

5. The Government of India may prospect for and produce mineral oils

- (1) The Government of India may prospect for or produce mineral oils within the territory of India, territorial waters, exclusive economic zone, and the continental shelf of India, the limits of which have been provided under the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976 (80 of 1976).
- (2) The Government of India may also authorize any person or entity to prospect for or produce mineral oils in accordance with such terms and conditions as may be set out in a petroleum lease issued by the Government of India or the State Government, with prior approval of the Government of India and such additional terms, covenants and conditions as may be provided in the contract between the Central Government and the lessee.

6. No hindrance to mineral oil operations

Any existing or future lessee shall allow reasonable access to existing and future holders of any other Government licences or leases over any area which is comprised in, or adjoins, or is reached by the leased area.

Provided that no substantial hindrance or interference shall be caused by such holders of other licences or leases to mineral oil operations and fair compensation shall be paid by them to the lessee for any loss or damage sustained by the lessee on account of giving such reasonable access.

CHAPTER III : PETROLEUM LEASE

7. Application for grant of petroleum lease

- (1) An application for a petroleum lease shall be submitted in the format prescribed under Schedule [•] to these rules, to the Government of India, and where the leased area falls within the territory of the State Government, also to the State Government along with prior approval from the Government of India.
- (2) The applicant shall make:
 - (i) a security deposit of Rs. 25,00,000/- (Rupees Twenty-Five Lakhs), to ensure compliance with the terms, covenants and conditions of the petroleum lease, refundable at the expiry of the petroleum lease; and
 - (ii) a non-refundable payment of Rs. 2,50,000/- (Rupees Two Lakh Fifty Thousand) for meeting preliminary expenses,

to the State Government where the leased area falls within the territory of the State Government and in other cases, to the Government of India.
- (3) The Government of India or the State Government, as the case may be, shall within ninety days of receipt of complete information from the applicant, decide the

application submitted under sub rule (1), provided that if the decision is to reject the application, the same shall be communicated with reasons recorded in writing.

8. Grant of petroleum lease

- (1) A petroleum lease in respect of:
 - (i) any mineral oil underlying the ocean floor within the territorial waters or the continental shelf or the exclusive economic zone of India and vested in the Union, shall be granted by the Government of India, and
 - (ii) any mineral oil underlying land within the territory of a State Government, shall be granted by the State Government with the prior approval of the Government of India.
- (2) The petroleum lease shall be granted in the format specified in Schedule [●] of these rules.
- (3) The petroleum lease shall be entered into between the lessee and the Government of India or the State Government, as the case may be, within ninety days from the approval of the application submitted under rule 7.
- (4) Upon execution of the petroleum lease in accordance with these rules, the terms contained therein shall be final and binding on all parties, and shall not be altered, amended, or modified thereafter, except as expressly permitted under the provisions of the petroleum lease or these rules, or by mutual consent.

9. Area and term of the petroleum lease

- (1) The area of the petroleum lease shall be specified therein. The leased area may be extended or relinquished in part or full, in accordance with these rules, from time to time.
- (2) A petroleum lease granted after the commencement of these rules shall in the first instance be valid for a period of not less than four years and a maximum of thirty years, unless cancelled in accordance with these rules.

10. Rights of Lessee

Unless otherwise specified in the Act, the rules made thereunder, or the contract, the lessee shall have:

- (i) the exclusive right to explore for mineral oils in the leased area, including but not limited to, conducting geological and geophysical surveys, drilling of wells, testing operations for mineral oils,
- (ii) the exclusive right to develop and produce mineral oils in the leased area along with the right to construct and maintain in and on such leased area such works, buildings, plants, platforms, waterways, roads, pipelines, dams, reservoirs, tanks, pumping stations, tram ways, railways, communication cables, electric power lines and other structures and equipment and other facilities as may be necessary for the full enjoyment of the petroleum lease or for fulfilling its

- obligation under such petroleum lease, in accordance with the petroleum lease granted in accordance with the Act and these rules,
- (iii) the right and obligation to carry out site restoration, abandonment and decommissioning of oil wells, installations, and associated facilities in accordance with applicable laws and these rules, and applicable industry practices,
 - (iv) the right to explore, plan, develop and establish comprehensive energy projects in the oilfield and produce energy therefrom in accordance with applicable law, and
 - (v) the right to utilize the oilfields for decarbonisation activities.

11. Lease rent

- (1) The lessee shall pay the lease rent for the leased area to the Government of India or the State Government(s), as the case may be, at the following rates:

Amount (in Rupees) per square kilometre of leased area	Year
500/-	Year 1 – Year 2
1,000/-	Year 3 – Year 4
2,000/-	Year 5 – Year 6
4,000/-	Year 7 – Year 8
6,000/-	Year 9 – Year 10
8,000/-	Year 11 – Year 20
10,000/-	Year 21 onwards

The aforementioned rates may be increased by the Government of India up to a maximum of 10% every five years from the commencement of these rules, provided that any revision to the rates shall not apply to any petroleum leases then in force.

- (2) The lessee shall, within thirty days of the grant of the petroleum lease, pay the lease rent to the Government of India or the State Government(s), as the case may be, for the first year in advance. The petroleum lease shall become effective from the date of payment of the lease rent for the first year of the petroleum lease.
- (3) The lessee shall continue to pay the yearly lease rent in advance for every subsequent year on or prior to each anniversary of the petroleum lease at the prescribed rates.
- (4) Any excess lease rent paid by the lessee may be adjusted against the rent or royalty due for subsequent years of the petroleum lease, with the prior approval of the relevant Government.
- (5) In the event the petroleum lease is cancelled, the lease rent already paid by the lessee prior to such termination shall not be refunded or adjusted.

12. Extension of the term of Petroleum Lease

- (1) The Government of India, and the State Government with prior approval from the Government of India, as the case may be, may extend a petroleum lease till the end of the economic life of the field, in accordance with these rules, in one or more instalments.

Provided that the duration of any single instalment of extension of the petroleum lease shall not exceed a period of thirty years.

- (2) An application for extension of the term of petroleum lease shall be submitted in the format prescribed under Schedule [●] of these rules:

- (i) The Government of India, where the petroleum lease has been granted by the Government of India, or
- (ii) The Government of India and the State Government, where the petroleum lease has been granted by the State Government.

- (3) The application under sub rule (2) may be submitted only after the expiry of half of the term of the petroleum lease or the extension of the petroleum lease, as the case may be but shall be submitted not less than six months prior to the expiry of its term.

- (4) The application made under sub rule (2) shall be accompanied with a non-refundable processing fee of Rs. 5,000/- (Rupees Five Thousand).

- (5) The lessee shall be notified of the decision of approval or rejection of its application in writing within ninety days of receipt of complete information from the lessee. In the event the application under sub rule (2) is rejected, the Government of India or the State Government, as the case may be, shall communicate the reasons for such rejection in writing to the applicant.

Provided that, the State Government shall not reject the application, without obtaining the prior written approval of the Government of India.

- (6) The approval of an application submitted under sub rule (2) shall not be unreasonably withheld by the Government.

- (7) If the application under sub rule (2) is approved, the extension of the petroleum lease, shall be granted in the format prescribed under Schedule [●] of these rules.

- (8) For determining the applicable rate of rent during the extended term of a petroleum lease under rule 11, the duration of both the original and extended terms of the petroleum lease shall be considered as a continuous period.

Illustration:

A lessee is granted a petroleum lease for 10 years. and the lease is subsequently extended for another 10 years. In the first year of the extended term, the lessee shall pay rent at the rate applicable for Year 11 under rule 11.

13. Relinquishment of leased area

- (1) Unless otherwise specified in the contract or the petroleum lease, a lessee may relinquish:
 - (i) any part of the leased area other than the area where production operations are being carried out, upon giving at least ninety days written notice of its intention to do so; or
 - (ii) any part of the leased area where production operations are being carried out, upon giving at least one hundred and eighty days written notice of its intention to do so.
- (2) The written notice referred to in sub rule (1) shall be given to:
 - (i) the Government of India, where the petroleum lease has been granted by the Government of India, and
 - (ii) the Government of India as well as the State Government, where the petroleum lease has been granted by the State Government,
- (3) The effective date of relinquishment of the leased area or any part thereof shall be the later of the date specified in the notice or the expiry of the timeline provided under sub rule (1) of rule 13.
- (4) The petroleum lease shall stand cancelled to the extent of any area relinquished under rule 13 or the contract .
- (5) Any relinquishment under this rule shall be subject to compliance with other obligations of the lessee under the lease, contract and the applicable law.

14. Extension of leased area where reservoir extends to an area not awarded to any person

- (1) If a lessee has reason to believe that a reservoir found in the leased area may extend into an area not leased or otherwise awarded to any person, the lessee shall, as part of or prior to initial submission of the field development plan, inform the Government of India of such extension, and shall promptly take necessary steps to ascertain the extent of such extension of the reservoir and may seek a petroleum lease under sub rule (3) of rule 71 for the said purpose;
- (2) Immediately upon ascertaining the reservoir boundaries, the lessee shall submit an application seeking extension of the leased area up to the reservoir boundaries, to the relevant Government(s) in accordance with this rule.
- (3) An application for extension of the leased area shall be submitted in the form specified in Schedule [●] of these rules along with proof of extension of the reservoir beyond the leased area.
- (4) The Government of India or the State Government(s) to whom the application under sub rule (1) has been submitted, shall decide the application within ninety days of receipt of the application.

Provided that State Government(s) shall decide the application made under sub rule (1) only with prior approval of the Government of India.

- (5) The approval for extension of leased area shall not be unreasonably withheld by the Government(s).
- (6) If the application under sub rule (2) is approved, the extension of the area, shall be granted in the format prescribed under Schedule [●] of these rules.
- (7) The concerned lessee shall not suspend or keep in abeyance any mineral oil operations on account of taking of any action or pendency of any action taken under this rule.

15. Unitization

- (1) If a lessee has reason to believe that a reservoir found in the leased area may extend into an area leased or otherwise awarded to any person, the lessee shall, at the time of, or prior to initial submission of the field development plan, inform:
 - (i) the Government of India in writing of the extension of the reservoir; and where part or all of the reservoir is situated within the jurisdiction of one or more State Governments, also inform the concerned State Governments; and
 - (ii) all lessees in the areas into which the reservoir extends.
- (2) All the concerned lessees:
 - (i) shall mutually cooperate with each other to ascertain the reservoir boundaries and explore the possibility of joint exploration, development and production of mineral oils from the reservoir, and may take all necessary steps for the said purposes, including sharing the data and participating in technical assessments; and
 - (ii) may jointly explore, develop and produce mineral oils for maximising the operational efficiency of recovery of mineral oil.
- (3) Where the concerned lessees intend to jointly explore, develop or produce mineral oils, they shall enter into an agreement with each other and the Government of India for the joint exploration, development or production of mineral oils from the reservoir as a unit.
- (4) If one or more of the concerned lessees do not intend to jointly develop or produce mineral oils, any of the other concerned lessees may send a notice to all the other concerned lessees and the Government of India seeking a recommendation from the Government of India.
- (5) Upon receipt of such a notice, the Government of India, at the cost of all the concerned lessees, conduct appropriate studies and provide its recommendation to the concerned lessees with respect to the joint development of the reservoir as a unit.
- (6) All lessees shall provide relevant information to the Government of India for the purposes of conducting the aforementioned studies and recommendation.

- (7) The concerned lessees shall not suspend or keep in abeyance any mineral oil operations on account of taking of any action or pendency of any action taken under this rule.

16. Royalty on mineral oils and furnishing of returns and particulars

- (1) A lessee shall –

- (i) where the petroleum lease has been granted by the Government of India, pay to the Government of India, and
- (ii) where the petroleum lease has been granted by the State Government, pay to the State Government,

unless otherwise provided in the contract, a royalty in respect of any mineral oil produced by it from the leased area at the rate specified in schedule of the Act and as amended from time to time. The royalty shall be payable on a monthly basis, and shall be paid by the last day of the month succeeding the period in respect of which it is payable.

Provided that the Government of India or the State Government with the approval of the Government of India, as the case may be, may direct that such royalty be paid in mineral oil.

Provided further that no royalty shall be payable in respect of any mineral oil which is unavoidably lost or is returned to the reservoir or is used for drilling or other operations relating to the production of mineral oil.

- (2) The lessee shall, within the first seven days of every month or within such further time as the Government of India or the State Government, as the case may be, may allow, furnish or cause to be furnished to the Government of India or the State Government, as the case may be, a full and proper return showing the quantity of all mineral oil produced during the preceding month from mineral oil operations conducted pursuant to the petroleum lease. The monthly return shall be furnished in the format specified in Schedule [●] of these rules.

- (3) Where a reservoir underlies the jurisdiction of two or more State Governments, each such State Government shall be entitled to such royalties which is in proportion to the extent of the reservoir underlying the jurisdiction of each such State.

- (4) If the Government of India or the State Government, as the case may be, is not satisfied with any return furnished in accordance with sub rule (2), it may:

- (i) require the lessee to furnish additional information with respect to the mineral oils produced during the preceding month, and / or
- (ii) appoint an officer to make necessary enquiries related to mineral oil obtained.

- (5) The officer appointed under sub rule (4) may:

- (i) conduct enquiries as it may deem necessary,

- (ii) require the lessee or the manager or person acting as manager or secretary of such lessee to produce any books, accounts, documents, writings, papers or instruments in his possession or control for inspection at the lessee's office, which such officer considers necessary to enable him to ascertain the quantity of the mineral oil obtained, and/or
 - (iii) make copies of any entries or materials contained in such books, accounts, documents, writings, papers or instruments.
- (6) Upon completion of the enquiries under sub rule (5), the appointed officer shall submit a report to the Government of India or the State Government, as the case may be.
- (7) On receipt of the report submitted by the appointed officer, the Government of India or the State Government, as the case may be, if it is of the opinion that the quantity of any mineral oils declared in the return, furnished in accordance with this rule is incorrect, may determine the quantity of such mineral oils. Upon such determination, the lessee shall be required to promptly pay royalty on the quantity so assessed, along with penalties and interest, if applicable, as may be imposed under these rules.

17. Stabilisation

For the purposes of this rule, "**change in law**" shall mean a change in the taxes, duties, levies, cesses, fees, royalties, rent, charges or impositions under an Indian law payable by the lessee after the date of the petroleum lease, whether on account of a change in rates, introduction of a new Indian law, or change in interpretation by judgement of a court of record which has become final, conclusive and binding, as compared to such interpretation or application by a court of record prior to the date of the petroleum lease.

- (1) In the event of a change in law which results in reduction of economic benefit accruing to the lessee, such affected lessee shall be entitled to be placed in the same financial condition had there been no such change in law in the manner contained herein.
- (2) Upon such a change in law, the lessee may with a prior written notice of at least ninety days, deduct such amounts which places the lessee in the same financial condition had there been no such change in law from dues payable by it to the relevant Government.
- (3) The deduction as per sub rule (2) above shall made be from any dues payable by the lessee under the contract, lease, the Act or these rules, to
 - (i) the Government of India, if the change is in or under a law enacted by Parliament; and
 - (ii) the State Government, if the change is in or under a law enacted by Legislature of that State.
- (4) Along with the notice referred to in sub rule (2), the lessee shall submit supporting documents evidencing the reduction in economic benefit, and shall thereafter promptly provide to the relevant Government any additional information or documents concerning the same as may be required by the relevant Government.

- (5) The relevant Government shall be entitled to dispute any such deduction made in accordance with the dispute resolution procedure in the contract or lease, as the case may be.

18. Penalty for producing mineral oils from outside the leased area

If any person undertakes any mineral oil operation in any area outside the leased area, in addition to a penalty under sub rule (1) of rule 53, the Government of India may require such person to pay to the Government of India, the prevailing fair market price of the mineral oils produced outside the leased area, which can be recovered as arrears of land revenue under applicable law.

Provided that any action under this rule shall be without prejudice to any other legal remedy available to the Government under the applicable law.

19. Application for Merger of Leases

A lessee holding more than one petroleum lease, may submit an application to the Government of India and the relevant State Governments in the format specified by the Government of India, to merge or combine two or more leased areas into a single lease for the efficient development, operation, or management of the mineral oil resources. The Government of India or the relevant State Government with the prior approval of the Government of India, may grant such petroleum lease for any merged or combined areas, on terms and conditions mutually agreed between the lessee and the relevant Government(s).

20. Cancellation of lease(s)

- (1) If the lessee at any time during the term of the petroleum lease:
- (i) fails to fulfil, or contravenes, any of the terms, covenants and conditions contained therein; or
 - (ii) fails to use the leased area for *bona fide* purposes for which it has been granted; or
 - (iii) uses the leased area for a purpose other than that for which it has been granted, or
 - (iv) fails to pay any rent, royalty or other payment due in respect of such petroleum lease for a period of more than three months,

the Government of India or the State Government with the prior approval of the Government of India, as the case may be, may issue a notice to the lessee directing it to submit an explanation as to why the petroleum lease should not be cancelled, and where remediable, remedy such failure or contravention within ninety days.

- (2) Where the Government of India or the State Government with the prior approval of the Government of India, as the case may be, after considering the representation, if any, made by the lessee:

- (i) is satisfied that the failure, contravention or use is not of a remediable nature, or is of a remediable nature but has not been remedied, it may forfeit the whole or any part of the security deposit made under sub rule (2) of rule 7 and may cancel the petroleum lease; or
 - (ii) is satisfied that the failure, contravention or use is considered to be of a remediable nature and has been remedied, may forfeit the whole or any part of the security deposit made under sub rule (2) of rule 7, but shall not cancel the petroleum lease.
- (3) Where the Government of India has entered into a contract with the lessee, the petroleum lease shall stand cancelled upon the termination of the contract.
- (4) Any action taken under this rule shall be without prejudice to the powers of the Adjudicating Authority under these rules.

CHAPTER IV : OTHER PROVISIONS RELATING TO THE PETROLEUM LEASE

21. Survey

If at the time of the grant, or at any time during the term, of a petroleum lease, the State Government is of the opinion that survey or resurvey of the leased area or any part thereof is necessary, such land or part thereof shall be surveyed by a qualified surveyor and the lessee shall, within the period specified by the State Government, pay to the State Government for such survey or re-survey a fee of Rs. 1,00,000/- (Rupees One Lakh) or such fee as the State Government may, with the approval of the Government of India, determine.

22. Identification of areas

The lessee shall display notices at all conspicuous points where operations are being carried out within the leased area.

23. Transfer or Assignment

- (1) The lessee shall not assign or transfer his right, title and interest in the petroleum lease:
- (i) where the lease has been granted by the Government of India, without the consent in writing of the Government of India; and
 - (ii) where the lease has been granted by the State Government, without the consent in writing of the Government of India being first obtained through the State Government.

Provided that if the Government of India has previously approved the same transfer or assignment under the contract, it shall not be entitled to withhold its consent under this sub rule (1).

- (2) Upon grant of consent by the Government of India under sub rule (1), the petroleum lease shall be amended with effect from the date from which such transfer or assignment is made effective.

24. Pre-emption

- (1) In the case of a national emergency in respect of mineral oil, the Government of India shall, at all times, during such emergency, have the right of pre-emption of the mineral oils or mineral oil products produced from the leased area, or of the mineral oils or where the lessee is permitted to sell, export or dispose of it without it being refined within India; provided that the fair market price prevailing at the time of pre-emption shall be paid to the lessee by the Government of India, for the mineral oils or mineral oil products taken in pre-emption.
- (2) The Government of India shall be the sole judge as to what constitutes a national emergency in respect of mineral oils, and its decision in this respect shall be final.

25. General Provisions

- (1) The lessee shall:
 - (i) maintain in good repair and conditions all apparatus, appliances and wells capable of producing mineral oil in the leased area;
 - (ii) execute all mineral oil operations in a safe, secure, proper and workmanlike manner and in accordance with good international petroleum industry practices.
- (2) Where in the opinion of the Government, the mineral oil operations are not being carried out in accordance with good international petroleum industry practices, the Government shall pass an order in writing stipulating the steps required to be taken by the lessee to align its operations with good international petroleum industry practices, provided that:
 - (i) the lessee is provided adequate opportunity to present its views;
 - (ii) the order records its reasons in writing; and
 - (iii) the order is made for the purposes of optimizing recovery of mineral oils while maintaining good reservoir health, ensuring safety, or protecting the environment by adopting sustainable practices.
- (3) The Government of India may in the interests of the conservation of mineral oils by general or special order, restrict or otherwise direct the use of, the amount of, mineral oil or gas or coal bed methane or gas from gas hydrate that may be produced by a lessee in a particular field.

26. Recovery of helium from natural gas

- (1) In the event any helium is produced with natural gas from the leased area, the lessee shall inform the same to the Government of India and thereafter may extract, use, sell or otherwise dispose of such helium in accordance with applicable law.

27. Continuity of mineral oil operations upon cancellation of petroleum lease

Upon cancellation of a petroleum lease or any part thereof the lessee shall, if required by the Government of India, for a specified period not exceeding two years from such cancellation:

- (i) render full cooperation in ensuring continuity of mineral oil operations, without disruption, until such time as the Government or its nominated entity assumes full operational control;
- (ii) provide all technical and operational assistance necessary for the takeover, including the provision of relevant personnel, documentation, and system access; and
- (iii) provide technical assistance, documentation, or personnel support following the takeover, to ensure operational continuity and safety.

28. Delivery of premises upon determination of petroleum lease

Unless otherwise directed by the Government of India under rule 27, upon cancellation of a petroleum lease or any part thereof, or cancellation or expiry of the license, or upon relinquishment of any area under rule 13, the lessee or the licensee shall deliver up the area released by such cancellation or expiry after completion of site restoration in accordance with rule 47 of these rules, and shall hand over the assets used for mineral oil operations in accordance with the terms of the contract, and where no such contract exists, as per the terms mutually agreed between the Government of India and the lessee.

29. Interest

All fees, rent, royalties and other payment under these rules, if not paid to the Government of India or the State Government, as the case may be, within the time specified for such payment, shall attract simple interest at a rate equal to the State Bank of India Prime Lending Rate (PLR) plus two percent (2%) per annum, calculated from the due date until the date of actual payment.

30. Surface Rights

- (1) A lessee shall separately either purchase land or obtain a surface lease from the State Government, Government of India or any local authority or any other persons, as the case may be, for the surface area of the land actually used by it for the purpose of mineral oil operations conducted under the petroleum lease.
- (2) Where the surface area has been leased by the State Government or Government of India or any local authority to a lessee, the surface rent payable to the concerned Government or local authority shall not exceed the land revenue and cesses assessed or assessable on the land.

PART II: MINERAL OIL OPERATIONS

CHAPTER V : GENERAL

31. Control of operations to prevent escape of mineral oils or access of water

- (1) The Government of India may, after reasonable notice to the lessee:
- (i) assume control of the operation of an oil well or gas well and adopt such means as may appear to it necessary or expedient to prevent the escape of mineral oil or water from the well, if the lessee fails to do so or appears unable to do so;
 - (ii) assume control of the operation of an oil well or gas well and adopt such means as may appear to it necessary or expedient to prevent the access of water to such well or to the mineral oil bearing or to both or gas bearing or coal bed methane bearing or gas hydrate bearing strata;
 - (iii) for the above purposes appoint such agents as may be deemed necessary and authorise them to enter upon the premises and perform the work and for this purpose to take possession of and use any drilling rig, derrick, tools, machinery and other appliances or materials necessary for the performance of the work which may be upon the location or which may be in the possession or control of the lessee; and
 - (iv) recover from the lessee all the costs and expenses incurred in the performance of the operations so undertaken by the Government of India.

32. Suspension etc., of operations

No lessee shall undertake any of the following actions, without giving a notice to the Government of India at least fourteen days prior to taking any such action:

- (i) suspend normal drilling;
- (ii) suspend normal production operations;
- (iii) abandon an oil well or gas well;
- (iv) re-condition such a well; or
- (v) resume drilling operations after a previous completion, suspension or abandonment of such a well;

Provided that, if normal drilling or normal producing operations have to be suspended immediately due to any unforeseen reason, notice thereof shall be given to the Government of India within twenty-four hours of such suspension.

33. Agency for supervision

- (1) For the purpose of ascertaining whether any orders, instructions and directions issued have been or are being complied with by the lessee and whether the mineral oil operations are being carried on by it in accordance with these rules, the Government of

India may, by notification in the official gazette, constitute a suitable agency consisting of such number of persons as the Government of India thinks fit.

- (2) It shall be the duty of such agency for the purposes aforesaid to supervise from time to time any mineral oil operations and submit its report to the Government of India accordingly.
- (3) The agency may, in order to carry out its functions under these rules, depute any person authorised by it in this behalf to enter into and inspect any mineral oil operations.

34. Development and Monitoring of comprehensive energy projects at oilfields

- (1) Any lessee intending to develop a comprehensive energy project shall submit a comprehensive energy development plan to the Government of India, at least six months prior to initiating the process of development of the comprehensive energy project.
- (2) The comprehensive energy development plan shall include:
 - (a) the plan for integration of mineral oil operations and energy projects including but not limited to solar, wind, hydrogen, or geothermal energy projects;
 - (b) feasibility studies for integrating the relevant energy sources;
 - (c) estimated costs of the project;
 - (d) duration of the project;
 - (e) estimated generation and production of the relevant energy resources;
 - (f) strategy for sale of generated energy;
 - (g) steps to be taken to ensure that mineral oil operations and comprehensive energy operations can be carried out at the site without interference with each other and in a safe manner;
 - (h) risk management and contingency plan; and
 - (i) any other information as may be sought by the Government of India
- (3) The Government of India may propose amendments to the comprehensive energy development plan received by it pursuant to sub rule (2) above, as may be necessary. The relevant lessee shall carry out the comprehensive energy projects in accordance with the comprehensive energy development plan as may be amended pursuant to this sub rule.
- (4) The lessee may propose modifications to the comprehensive energy development plan, as may be necessary from time to time and such plan shall stand modified to the extent such modifications are approved by the Government of India.

The lessee shall obtain necessary approvals, licences and permits, as required under applicable law for carrying out such comprehensive energy projects and for continuing such projects after the expiry of the petroleum lease.

CHAPTER VI : COLLECTION, AGGREGATION, DISSEMINATION, USE AND SHARING OF DATA AND SAMPLES RELATED TO MINERAL OILS

35. Cores and Samples

Cores and samples preserved shall at all times be made available for examination to the Government of India or any agency authorised by it, and may be taken for the purpose of analysis or other examination, but no information obtained of a result of such analysis or examination shall be published without the consent of the lessee unless the Government of India sees fit to direct otherwise.

36. Title in data and lessee's duty to submit data

- (1) All data obtained as result of mineral oil operations shall be the property of the Government of India.
- (2) All lessees shall submit all data collected, generated or otherwise processed in relation to or during the course of mineral oil operations promptly to the Government of India.
- (3) The data submitted by the lessee shall conform to such standards, formats and protocols, as may be specified by the Government of India.
- (4) Failure to submit data in accordance with these rules may result in imposition of penalties by the Adjudicating Authority or other action as prescribed under the Act.

37. Lessee's rights to use data

- (1) The lessee has the right to use, free of cost, the data related to, in connection with, or arising out of, or obtained as a result of mineral oil operations, and retain copies of such data for the purpose of internal research and development purposes and for conducting mineral oil operations in accordance with the terms of the petroleum lease, contract and these rules.
- (2) If the data is capable of reproduction, the lessee may export the data outside India for further analysis or processing, with the prior approval, and in the manner as may be specified by Government of India.

38. Use and Dissemination of Data and Samples

- (1) The Government of India shall have the right to use, free of cost, the data and samples received under these rules or otherwise, for any lawful purpose, including but not limited to, for the purposes of:
 - (i) national economic planning and resource management;
 - (ii) policymaking, academic and scientific research;

- (iii) attracting and facilitating investments in mineral oil operations and exploration of mineral oils in India;
 - (iv) conducting environmental, geological, and safety assessments;
 - (v) facilitating sustainable development, climate resilience, carbon neutrality, biodiversity preservation, social equity, community empowerment, sustainable development goals; and
 - (vi) protecting the sovereignty and integrity of India
- (2) The Government of India may share data and samples with academic institutions, research organisations, public bodies, and investors, whether domestic or foreign, on such terms as it may deem fit.
- (3) The Government of India may publish aggregated and anonymized data and access to such data may be granted, as may be specified by the Government of India.

39. Protection of proprietary data

- (1) Any data submitted by the lessee that is (i) generated from the use of proprietary methods, technology, or software; and (ii) explicitly justified and marked as '*proprietary and confidential*' at the time of submission to Government of India shall be proprietary data of the lessee.
- (2) The Government of India may require the lessee to provide proprietary data in such copies, timeline, format, and manner as the Government of India may prescribe from time to time.
- (3) The Government of India shall have a worldwide, perpetual, royalty-free, irrevocable, sub-licensable, and transferable right to access, use, and process proprietary data in any manner, for the purposes of:
 - (i) national economic planning and resource management;
 - (ii) policymaking, academic and scientific research; and
 - (iii) facilitating sustainable development, climate resilience, carbon neutrality, biodiversity preservation, social equity, community empowerment, sustainable development goals.
- (4) Except as where required for compliance with applicable law or as required for the purposes as under sub rule (3) above, the Government of India shall not disclose proprietary data to any private third party, nor make it publicly available, without the prior written consent of the lessee, and shall maintain its confidentiality for a period of seven years from the date on which such data became available, or such extended period as may be approved by the Government of India. Where the Government of India discloses proprietary data to any private third party, it shall do so on the condition that such private third party shall maintain confidentiality in accordance with these rules or any other applicable law.

40. Transitional and Operational Access Obligations

- (1) In the event of transfer or cancellation of a petroleum lease, the lessee shall hand over all data and samples to the Government of India within thirty days, or such extended timeline as may be prescribed by the Government of India.

Provided that the lessee may retain one copy of the data for internal use, research and development with prior Government of India approval, or for compliance with applicable law, but shall not be entitled to make any other use of the data.

- (2) The Government may allow succeeding lessee or third parties access to such data to ensure continuity of mineral oil operations.
- (3) The restrictions regarding the use and dissemination of proprietary data or samples under these rules shall apply for any data and samples handed over in this rule.

CHAPTER VII : ENVIRONMENT PROTECTION, DECARBONISATION, MONITORING OF GREENHOUSE GAS EMISSIONS AND FLARED GAS

41. Environmental Protection

- (1) The lessee shall comply with applicable environmental laws, minimise the environmental impact of mineral oil operations, and take all necessary steps to prevent hazards to human life, property, environment, marine resources or navigation while conducting mineral oil operations.
- (2) If the lessee fails to comply with sub rule (1), the Government of India may issue directions to such lessee specifying the remedial measures required to be undertaken and the timeline for carrying out such measures.
- (3) In the event of failure to comply with sub rule (1) or non-compliance with the directions issued by the Government under sub rule (2), the Government of India may undertake remedial measures at the sole cost and expense of the lessee.
- (4) In addition to any costs and expenses incurred by the Government of India in undertaking any remedial measures, the lessee shall be liable for:
- (i) any harm or damage caused to any person or property, regardless of whether or not such failure arises from negligence, delay, omission, or default on the part of the lessee to comply with sub rule (1); and
 - (ii) any other direct losses and liabilities of the Government of India arising from negligence, delay, omission, or default on the part of the lessee to comply with sub rule (1), and if the lessee fails to pay the same.

42. Monitoring and Reporting of Greenhouse Gas Emissions

- (1) Every lessee shall submit a plan for monitoring of greenhouse gas emissions, along with the submission of the field development plan, or within one hundred and eighty days from the commencement of these rules, whichever is later, with the following details:

- (i) identification of sources of greenhouse emissions from mineral oil operations;
 - (ii) methodology and frequency of measurements;
 - (iii) brief description of the equipment and techniques proposed to be used; and
 - (iv) any other information as prescribed by the Government of India.
- (2) The lessee shall review and update the plan submitted under sub rule (1) from time to time as may be necessary.
- (3) Every lessee shall adopt measures to reduce greenhouse gas emissions that take place during the course of mineral oil operations as may be specified by the Government of India from time to time.
- (4) Every lessee shall submit a report prepared in accordance with the plan under sub rule (1), on a quarterly basis, to the Government of India or a body designated by the Government of India, as may be specified by the Government of India from time to time.

43. Authorisation for GHG Sequestration, Injection and Storage Permit

- (1) Any lessee intending to assess the feasibility of geological storage of GHGs within a leased area shall, prior to commencement of any such activity, obtain an authorisation for such assessment from the Government of India.
- (2) Upon completion of such assessment, a lessee may submit an application for the issuance of an injection permit to the Government of India, in the format as may be prescribed by the Government of India from time to time.
- (3) The term of the injection permit, in the first instance, shall be two years, which may be renewed thereafter upon satisfactory performance and compliance with these rules and the terms as prescribed by the Government of India in this regard from time to time.
- (4) The injection permit shall only be for executing pilot tests and studies to establish the geological suitability of the reservoir for permanent sequestration and shall not grant long-term storage rights to the lessee.
- (5) The lessee shall conduct the injection of GHGs in accordance with a plan which shall be approved by the Government of India, and no deviation from such plan shall be made without prior approval of the Government of India or any other agency or authority notified by the Government of India in this regard.
- (6) After completion of the injection tests and establishment of the geological suitability of the reservoir for sequestration in the designated geological formations, a lessee intending to store greenhouse gases may apply and obtain a storage permit for permanent storage of greenhouse gases for sequestration purposes from such authority, and in the manner, as may be notified by the Government of India, from time to time.
- (7) The lessee shall submit an environmental management plan and a disaster management plan to the Government of India outlining the measures to mitigate risks to the

environment, including groundwater contamination, surface water impacts, and atmospheric releases and shall comply with such plans.

44. Monitoring, Reporting, and Verification

- (1) The lessee shall undertake continuous monitoring of the geological formation, including pressure levels, gas migration, and seal and reservoir integrity, throughout the period during which GHGs are injected.
- (2) The lessee shall submit annual reports, in the manner as may be specified by the Government of India in this regard, detailing the volumes of GHG injected, reservoir behaviour, and any deviations from the approved injection plan.
- (3) The lessee shall report any incident of GHG leakage or other environmental hazard pertaining to GHGs immediately to such authority as may be notified by the Government of India in this regard, along with the details of the remedial measures taken by such lessee.
- (4) The Government of India may conduct, either itself or through an independent third-party agency, an audit or verification of the lessee's GHG storage and sequestration activities, MRV data or on-site operations.
- (5) The lessee shall bear full responsibility for any environmental or public health damages arising from GHG storage operations during the period of active sequestration and for a post-injection period, as determined by such authority as may be notified by the Government of India for this purpose.

45. Closure and Post-Injection Monitoring

- (1) Upon cessation of GHG injection and completion of the monitoring period, the relevant lessee shall submit a site closure plan for approval to the Government of India, or such authority as may be notified by the Government of India for approval, which shall include:
 - (i) procedures for well plugging and abandonment;
 - (ii) restoration of the surface area to its original or an agreed-upon condition; and
 - (iii) post-closure monitoring provisions,and shall take all steps for site closure in accordance with the approved site closure plan.
- (2) The lessee shall take all steps for site closure in accordance with written instructions as may be issued by the Government of India, or such authority as may be notified by the Government of India.
- (3) The relevant lessee shall continue to monitor the site for a minimum period of five years post site-closure and shall ensure the integrity of the geological storage and report any anomalies.

46. Measurement and reporting of Flared Gas

- (1) All lessees shall use calibrated flow meters on all flare stacks to accurately measure the volume of gas flared.
- (2) All lessees shall submit reports specifying the volume of gas flared and the associated emissions on a quarterly basis in the prescribed format.

47. Site Restoration

- (1) Every lessee shall undertake site restoration in accordance with the guidelines, schemes and policies issued by the Government of India from time to time.

Provided that in the absence of any applicable guidelines, schemes or policies, the lessee shall restore the site to good order and condition in accordance with international practices within six months from the date of cessation of the applicable mineral oil operations, or within such further time as the Government of India, may allow.

- (2) Every lessee shall maintain a site restoration fund in accordance with guidelines, schemes and policies issued by the Government of India from time to time.
- (3) If the lessee fails to comply with sub rule (1), the Government of India may issue directions to such lessee specifying the remedial measures required to be undertaken and the timeline for carrying out such measures.
- (4) In the event of failure to comply with sub rule (1) or non-compliance with the directions issued by the Government under sub rule (3), the Government of India may undertake remedial measures at the sole cost and expense of the lessee.
- (5) In addition to any costs and expenses incurred by the Government of India in undertaking any site restoration or remedial measures, the lessee shall be liable for:
 - (i) any harm or damage caused to any person or property, regardless of whether or not such failure arises from negligence, delay, omission, or default on the part of the lessee to complete site restoration in accordance with sub rule (1); and
 - (ii) any other direct losses and liabilities of the Government of India arising from negligence, delay, omission, or default on the part of the lessee to complete site restoration in accordance with sub rule (1), and if the lessee fails to pay the same, the Government of India shall be entitled to recover the same from the lessee.

CHAPTER VIII : SHARING OF INFRASTRUCTURE AND FACILITIES

48. Declaration of Infrastructure Capacity

The lessee shall, annually or at such intervals as may be prescribed by the Government of India, submit all information with respect to the installed and utilised capacity, and declare the excess capacity, of the infrastructure facilities owned by it, in the form and manner as may be prescribed by the Government of India.

49. Development and sharing of infrastructure by mutual agreement

Two or more lessees may jointly develop and/ or share infrastructure facilities for mineral oil operations, whether located onshore or offshore, on terms and conditions as may be mutually agreed between them.

50. Application and Declaration Process of excess capacity in Infrastructure Facilities

- (1) Any lessee seeking to use any excess capacity of an infrastructure facility for mineral oil operations, may submit an application to the Government of India requesting determinations of the excess capacity of such infrastructure facility.
- (2) Upon receipt of the application, the Government of India shall provide any person owning or otherwise having a valid right to use the infrastructure facility an opportunity to be heard, and submit any objections or proposed terms and conditions for use of such excess capacity.
- (3) The Government of India may seek any information including capital and operational costs with respect to such infrastructure facility.
- (4) The persons owning or otherwise having a valid right to use the infrastructure facility, or who have jointly developed the infrastructure facility in accordance with rule 49 above, shall have the right of first use for their own requirements and the excess capacity may be used amongst other entities who require such capacity.
- (5) The Government of India may, after following the procedure as specified under this rule, determine the excess capacity of the infrastructure facility, if any, and prescribe the terms, conditions, charges and duration for the use of such excess capacity.

PART III: ADJUDICATING AUTHORITY AND DISPUTE RESOLUTION

CHAPTER IX : ADJUDICATING AUTHORITY

51. Constitution of Adjudicating Authority

The Government of India shall, by notification in the Official Gazette, constitute an Adjudicating Authority consisting of one person, who shall not be below the rank of Joint Secretary to the Government of India.

52. Continuity of Proceedings

In case the person appointed as the Adjudicating Authority ceases to hold office for any reason whatsoever, the pending proceedings shall continue from the same stage before the newly appointed Adjudicating Authority.

53. Jurisdiction of the Adjudicating Authority

- (1) The Adjudicating Authority shall adjudicate, determine and impose penalties under the Act and as provided in Schedule [●] of these rules.
- (2) If upon receiving a complaint, the Adjudicating Authority is of the opinion that the issues require resolution through the dispute resolution mechanism as provided in these rules, the Adjudicating Authority shall refer the parties to the dispute resolution mechanism under rule 60.

Provided that such reference may be made either suo moto or upon application of a party made in writing to the Adjudicating Authority.

54. Powers of Adjudicating Authority

- (1) The Adjudicating Authority shall, for the purpose of holding any inquiry under the Act, have the following powers:—
 - (i) summoning and enforcing the attendance of any person and examining him on oath;
 - (ii) requiring the discovery and production of documents;
 - (iii) any other matter which may be prescribed.
- (2) The Adjudicating Authority may draw adverse inference against a person who refuses to comply with any summons, directions or instructions issued by it under sub rule (1).
- (3) The Adjudicating Authority shall not, be bound by the procedure laid down in the Code of Civil Procedure, 1908 (5 of 1908) and Indian Evidence Act, 1872 (1 of 1872), but shall be guided by the principles of natural justice.

55. Procedure before the Adjudicating Authority

- (1) A complaint under the Act and these rules may be preferred either by the Government of India or the State Government, including any department or agency under it, or any

person aggrieved by the contravention of any provisions of the Act or the rules by the lessee or any other person, in writing to the Adjudicating Authority. Such complaint must necessarily disclose:

- (i) the provisions of the Act or these rules that are being breached or contravened;
 - (ii) the persons involved in such contravention; and
 - (iii) the documents evidencing the commission of such breaches or contraventions.
- (2) Upon receipt of the information or complaint from a person other than the Government of India, the Adjudicating Authority shall direct the Government of India or any other department or agency designated by the Government of India in this regard to conduct a preliminary inquiry and submit a report on whether there is sufficient ground for proceeding with the case, within a period of forty-five calendar days from the date such reference is made.

Provided that if no report is submitted under this sub rule within the prescribed timeline, the Adjudicating Authority shall proceed with the inquiry.

Provided further that no such report shall be required for the purposes of initiating the inquiry by the Adjudicating Authority where the complaint alleging contravention of the provisions of the Act or the rules framed thereunder has been filed by the Government of India.

- (3) In case the report of the Government of India discloses that there is sufficient ground for proceeding with the case, or in case the complaint is made by the Government of India, the Adjudicating Authority shall issue a show cause notice to the lessee or any other person, as the case may be, allowing sixty calendar days' time to submit an explanation as to why an inquiry should not be commenced against such person for inquiring into the contraventions.
- (4) A show cause notice issued by the Adjudicating Authority under sub rule (3) shall:
- (i) provide details of contraventions and breaches under the Act and the rules made thereunder;
 - (ii) enclose supporting documents, including copy of the complaint; and
 - (iii) afford an opportunity of personal hearing within thirty days of the receipt of the response to the show cause notice by the Adjudicating Authority.
- (5) Upon receipt of the show cause notice, the lessee or any other person shall submit a written reply to the Adjudicating Authority within the prescribed time, which shall present a comprehensive response to the contents of the show cause notice, and shall necessarily provide:
- (i) a brief background and context of the case;
 - (ii) a detailed statement of facts;

- (iii) explanations, justifications, and specific responses to each contravention or breach alleged in the notice; and
- (iv) specific denials of any allegations of fact not admitted as true;
- (v) a supporting affidavit affirming and verifying the contents of the reply; and
- (vi) all documents relied upon in support of the case, to be enclosed with the reply.

Provided further that if any such document is not in its possession or control, the reply must disclose the identity of the person or entity in whose possession or control the document is.

Provided further that the Adjudicating Authority shall have power to condone the delay for a period of another thirty calendar days for submission of the reply if the lessee or such person demonstrates that it had sufficient cause for not being able to submit the reply within the prescribed period.

- (6) During any personal hearing with respect to proceedings under sub rule (4), the lessee or any other person may make oral submissions either itself or through its authorised representative, and may provide written submissions to the Adjudicating Authority along with supporting documents and evidence.

Provided that if the lessee or such person is represented by an authorised representative, documentary proof of such authorisation must be submitted to the Adjudicating Authority on the date of personal hearing.

Provided further that parties shall be provided the option of appearing before the Adjudicating Authority through audio-visual means, if a request is made in writing to that effect to the Adjudicating Authority at least seven days prior to the appointed date of personal hearing.

- (7) The Adjudicating Authority, during any hearing pursuant to sub rule (4), may on the request of either party or on its own motion summon and enforce the attendance of any person acquainted with the facts and circumstances of the case to give evidence or to produce any document which in its opinion may be useful for or relevant to the subject matter.

- (8) If the lessee or any other person fails to appear for personal hearing on the date so appointed for such personal hearing, one more opportunity for personal hearing may be given by the Adjudicating Authority to the lessee or such person by issuing a reminder to the show cause notice to appear within fifteen calendar days of receipt of such reminder.

Provided that the Adjudicating Authority shall have power to condone the delay for a period of another thirty calendar days for personal hearing beyond prescribed period if the lessee or such person demonstrates that it had sufficient cause for not being able to appear for personal hearing within the prescribed period.

- (9) If after issue of show cause notice and reminder, the lessee or any other person fails to submit its reply or appear for personal hearing within the prescribed time, the Adjudicating Authority shall be at liberty to decide the matter *ex parte* on merits.

- (10) The Adjudicating Authority may, if it deems necessary, give an opportunity to the Government of India or the State Government, as the case may be, to submit an explanation on the submissions made by the lessee or any other person or any new issue raised by the lessee or such person within thirty calendar days from the date of the conclusion of the personal hearing or the date of order to proceed ex parte, as the case may be.
- (11) The Adjudicatory Authority may if deemed necessary seek assistance of technical, financial and legal experts in order to conduct the inquiry.
- (12) The proceedings held before the Adjudicating Authority shall be duly recorded in an appropriate manner including but not limited to maintaining of a record of proceedings.

56. Orders of the Adjudicating Authority

- (1) The Adjudicating Authority shall, after complying with the procedure set out in rule 55, pass such orders thereon as it thinks fit, deciding the matter after taking into consideration the submissions made by the parties and the available record.
 - (2) The order shall be passed by the Adjudicating Authority within a period of one year from the receipt of the complaint under sub rule (1) of rule 55.
- Provided that the Adjudicating Authority may extend the time for passing of the order under this sub rule (2) for reasons to be recorded in writing.
- (3) The order passed by the Adjudicating Authority shall clearly record the finding of facts of the matter, the evidence relied upon, and the reasons for arriving at the decision and the quantum of penalty imposed, where applicable.
 - (4) In the event the Adjudicating Authority, upon receipt of a report of the Government of India submitted in accordance with sub-rule (2) of rule 55, is satisfied that there is insufficient ground for proceeding with the complaint, it shall pass an order declining the request to initiate the inquiry for reasons to be recorded in writing.

Provided that where the Adjudicating Authority disagrees with the report submitted by the Government of India and is satisfied that there is sufficient ground for proceeding with the case, the Adjudicating Authority shall record such decision in writing.

- (5) Notwithstanding anything contained in these rules, if at any time the Adjudicating Authority is of the view that some of the issues referred to it, disclose a dispute between parties which is capable of settlement through mediation, conciliation or arbitration, the Adjudicating Authority may refer the parties to the appropriate forum for dispute resolution.

57. Payment of Penalty and Interest

- (1) The penalty imposed by the Adjudicating Authority shall be paid within forty-five days of receipt of the order, subject to orders passed by the Appellate Authority.
- (2) Where the penalty is not paid within the prescribed period, such penalty shall attract simple interest at the rate of at a rate equal to the State Bank of India Prime Lending

Rate (PLR) plus two percent (2%) per annum, calculated from the expiry of the period set out in sub rule (1) until the date of actual payment.

58. Appeals

Appeals against any order passed by the Adjudicating Authority shall be heard by the Appellate Authority referred to in section 30 of the Petroleum and Natural Gas Regulatory Board Act, 2006 in accordance with the provisions of section 9B of the Act.

59. Recovery of Penalties Imposed

- (1) Where any person who is held liable to pay penalties under the Act and these rules, fails to pay such penalty and interest, if applicable, within the time specified in these rules the Adjudicating Authority may initiate recovery of such penalties in accordance with this rule.
- (2) For recovery of penalties, the Adjudicating Authority may:
 - (i) issue a notice to any third party who owes or holds money on behalf of the defaulting party, directing such third party to deposit the amount to the credit of the Government of India. Any payment made by such third-party in compliance with this notice, shall constitute a valid discharge of the third-party's corresponding liability to the defaulting party; as if the payment had been made to the defaulting party or
 - (ii) issue a recovery certificate specifying the amount due and send it to the competent revenue authority for recovery as arrears of land revenue under applicable law; or
 - (iii) request the Government of India to recover such penalties from the amounts due to the defaulting party under any contract, scheme, or mineral oil operations administered by the Government of India, including against the security deposit.
- (3) Where the person to whom the notice is issued under sub rule 2 (i) above, fails to make payment in pursuance thereof within forty five days from the date of the notice, to the Government of India, such person shall be deemed to be in default in respect of the amount specified in the notice.

CHAPTER X : DISPUTE RESOLUTION

60. Settlement of disputes

- (1) In the event of any dispute, difference, or claim arising out of or in connection with the petroleum lease and/or contract between the lessee and the Government, executed after the commencement of these rules, the parties therein shall endeavour to resolve such disputes, differences, or claims in accordance with the dispute resolution procedure as set out in the applicable petroleum lease or contract, including through alternative dispute resolution.
- (2) Where arbitration is provided in the applicable petroleum lease or contract, the seat of arbitration in the applicable contract, at the time of execution of the contract, shall be:

- (i) New Delhi, India, where the lessee is a body corporate incorporated in India or an association or a body of individuals whose central management and control is exercised in India.
 - (ii) New Delhi, India or a neutral jurisdiction, where the lessee is:
 - (a) a body corporate which is incorporated in any country other than India; or in which 51% or above shareholding is held by a company incorporated outside India, or whose central management and control is exercised in any country other than India; or
 - (b) an association or a body of individuals whose central management and control is exercised in any country other than India; or
 - (c) a consortium in which a member holding such proportion of the Participating Interest as provided in the contract, is an entity incorporated outside India or an association or a body of individuals whose central management and control is exercised in any country other than India; or
 - (d) the Government of a foreign country.
- (3) In the event of any change in the parties to the applicable petroleum lease or contract, such parties may apply to the Government for amendment of the seat of arbitration in the contract or the lease, subject to the requirements set out in sub-rule (2) of this rule.
- (4) The arbitration proceedings under the petroleum lease or the applicable contract shall be governed by the laws of India.
- (5) For the purposes of the Act and these rules, the following matters shall be non-arbitrable:
- (i) disputes involving the imposition of penalties under these Rules;
 - (ii) disputes resolved through mediation;
 - (iii) disputes involving third-party rights, including compensation for loss of life, bodily injury, or environmental damage; and
 - (iv) any matter declared non-arbitrable under applicable law.
- (6) Any dispute solely between the Government and a Government company or between two or more Government companies shall be resolved in accordance with such guidelines as may be issued by the Government from time to time.

Explanation-

“Government company” under this sub rule has the meaning assigned to it under the Companies Act, 2013 (18 of 2013) as amended from time to time.

PART IV: SPECIAL PROVISIONS FOR NOMINATION BLOCKS

CHAPTER XI : SPECIAL PROVISIONS FOR REGULATION OF MINERAL OIL OPERATIONS IN AREAS AWARDED ON NOMINATION BASIS TO NATIONAL OIL COMPANIES

61. Applicability

- (1) The provisions of this Chapter XI shall:
 - (i) only apply to licenses and petroleum leases granted by the Government of India to national oil companies by way of nomination, without following a bidding process,
 - (ii) be applicable in addition to the provisions comprised in other parts of these Rules,
 - (iii) not apply to any petroleum lease granted under rule 71(3).

62. Discovery

- (1) If and when a discovery is made, the licensee or lessee shall notify the Government of India within seven days from the establishment of the discovery, or the commencement of these rules, whichever is later.
- (2) The licensee or lessee shall run the necessary tests in accordance with good international petroleum industry practices, to determine whether the discovery is of potential commercial interest.
- (3) If the discovery, by itself or jointly with a previous discovery, is of potential commercial interest, the licensee or lessee shall give a notice of such potential commercial interest to the Government of India within one hundred and eighty days from the date of the notification under sub rule (1), or the commencement of these rules, whichever is later.

63. Submission of Field Development Plan

- (1) A licensee or lessee shall submit a field development plan to the Government of India for each discovery which has been notified under sub rule (3) of Rule 62 in the format specified by the Government of India, clearly delineating the area proposed to be treated as development area within a period of three years from the date of such notice, or such other extended timeline as may be specified by the Government of India.
- (2) The Government of India shall convey to the licensee or lessee its decision regarding the area that may be considered as the development area within ninety days of receipt of the field development plan, or the commencement of these rules, whichever is later.
- (3) The development area once approved by the Government of India in accordance with sub rule (2) above cannot be modified in any manner without the prior approval of the Government of India.

- (4) The licensee or lessee shall submit a field development plan in accordance with these rules regardless of whether it chooses to submit an appraisal programme.
- (5) The licensee or lessee may modify the field development plan, and shall notify the Government of India of its intent to modify the plan along with reasons and the necessity for such modifications.

64. Monitoring of Development and Production Operations

- (1) The licensee or lessee shall submit an annual statement of the development and production operations carried out in line with the field development plan, within ninety days of the end of the financial year.
- (2) The licensee or lessee shall submit requisite data sought by the Government of India regarding the mineral oil operations conducted by it.

65. Relinquishment of leased area

Upon the expiry of five years from the commencement of these rules, the entire area of the license or petroleum lease shall stand relinquished, save and except:

- (i) any development area identified in accordance with this Chapter XI prior to the expiry of such time period, and
- (ii) areas where production operations are being carried out.

66. Site Restoration

Every licensee or lessee shall

- (i) carry out site restoration in accordance with guidelines, schemes and policies issued by the Government of India from time to time; and
- (ii) maintain a site restoration fund in accordance with procedure prescribed under the Site Restoration Scheme, 1999 and amendments thereto notified by the Government of India from time to time.

PART V: TRANSITIONAL AND MISCELLANEOUS PROVISIONS

CHAPTER XII : APPLICABILITY OF RULES TO EXISTING LICENSES AND LEASES AND TRANSITIONAL PROVISIONS

67. Extension of rights under existing contracts, leases or licenses for all mineral oils

The rights granted under all existing contracts, mining leases or licenses shall be deemed to have been granted in respect of all mineral oils from the date of the commencement of these rules, subject to such terms and conditions as may be prescribed by the Government of India, if any.

68. Option for existing licensees and lessees.

- (1) The holders of a license or a mining lease shall, until the expiry of their respective license or mining lease, have the option to apply for a petroleum lease under the provisions of rule 7 in substitution of their existing license or mining lease.
- (2) Where a licensee or lessee opts to apply for a petroleum lease under sub rule (1) above, any contract entered into between such licensee or lessee and the Government of India shall be amended to incorporate any changes consequential to exercise of such option, as deemed necessary by the Government of India.
- (3) Where a licensee or lessee has submitted an application for a license or mining lease or extension of license or mining lease, as the case may be, before the commencement of these rules and such license or mining lease has not been granted, the licensee or lessee in order to continue mineral oil operations shall:
 - (i) re-apply for a petroleum lease under rule 7, provided that where such licensee or lessee has already paid any application fee, security deposit, or a deposit for meeting preliminary expenses for grant of a petroleum lease, he shall be exempted from such payment under sub rule (2) of rule 7; and
 - (ii) enter into an amended contract with the Government of India to incorporate any changes consequential to grant of petroleum lease hereunder, as deemed necessary by the Government of India.

69. Application for Petroleum Leases to be filed upon expiry of existing licenses and leases

In order to continue mineral oil operations beyond the expiry of its license or mining lease, a licensee or lessee, as the case may be, shall apply for a petroleum lease in accordance with these rules, and as deemed necessary by the Government of India, enter into an amended contract with the Government of India to incorporate any changes consequential to grant of petroleum lease hereunder.

70. Amendment of lease upon of extension of leased area

Where the holder of an existing mining lease or petroleum lease seeks to extend the area allocated under the lease, the existing mining lease or petroleum lease shall be amended to incorporate the change in such area and shall continue to remain valid

subject to all other terms and conditions comprised therein for the remaining period of its term.

CHAPTER XIII : MISCELLANEOUS

71. Power to remove difficulties and exempt from operation of certain rules

- (1) The Government of India shall have the power to issue clarifications in any of the following cases:
 - (i) If, in the opinion of the Government of India any difficulty or doubt arises as to the interpretation of any provision of any these rules; and
 - (ii) Any clarification is required for any of these rules for fulfilling the intention of any rule.
- (2) The Government of India shall have the power to approve extension of any timelines provided in these rules.
- (3) The Government of India may, under Section 12 of the Act:
 - (i) Grant, or approve a grant by the State Government of, a petroleum lease to conduct exploration operations outside the leased area for determining the extent of the reservoir boundaries for the purposes of rule 14 which is only for exploration operations, has a shorter term, lower rent, or otherwise contains terms and conditions which are different from the provisions in these rules; or
 - (ii) Grant, or approve a grant by the State Government of, a petroleum lease to conduct exploration operations solely for the purposes of collecting data which is only for specific exploration operations, has a shorter term, lower rent, or otherwise contains terms and conditions which are different from the provisions in these rules, including but not limited to Chapter [●]; or
 - (iii) Otherwise grant, or approve a grant by the State Government of, a petroleum lease which contains terms and conditions different from the provisions in these rules; or
 - (iv) grant exemptions to any lessee from the provisions of these rules.
- (4) The Government of India may consult the State Government in the matter of granting exemptions in respect of onland areas under this rule.

72. Modification of terms of petroleum lease

The Government of India or the State Government with the prior approval of the Government of India, may, at any time prior to the execution of the petroleum lease under sub rule (3) of rule 8 or extension of any petroleum lease under sub rule (8) of rule 12, modify or prescribe additional terms to address concerns relating to the leased area, health and safety, protection of the environment, national security or public interest.

73. Repeals and Savings.

- (1) The Petroleum and Natural Gas Rules 1959 shall stand repealed from the date of commencement of these rules except as regards things done or omitted to be done before such commencement.
- (2) Unless any agency is constituted pursuant to rule 33 of these rules, the agency constituted under rule 32 of the Petroleum and Natural Gas Rules 1959 shall continue to be constituted as the agency under rule 33 of these rules.

SCHEDULE [●]

Penalties

General Provision

- (1) In the event that the lessee or licensee furnishes any information in any application to be made under these rules which is false, misleading, or materially incorrect, or knowingly withholds any material information, the lessee or licensee shall be liable to pay a penalty.
- (2) Where any lessee or licensee fails to submit any document, return, report, or information required to be furnished under these Rules, or furnishes any document, return, report, or information which is false, misleading, or inaccurate, such lessee or licensee shall be liable to penalty of Rs. 25,00,000 (Rupees Twenty-Five Lakhs) for each such contravention, and an additional penalty of Rs. 10,00,000 (Rupees Ten Lakhs) for each day during which such contravention continues. There shall be no upper limit on the total penalty payable for such contravention.

Schedule

S. No.	Rule	Penalty
1.	Rule 16(2) - Royalty on mineral oils and furnishing of returns and particulars The lessee shall, within the first seven days of every month or within such further time as the Government of India or the State Government, as the case may be, may allow, furnish or cause to be furnished to the Government of India or the State Government, as the case may be, a full and proper return showing the quantity of all mineral oil produced during the preceding month from mineral oil operations conducted pursuant to the petroleum lease. The monthly return shall be furnished in the format specified in Schedule [●] of these rules.	If the lessee, as required under Rule 16(2) fails to supply a full and proper return showing the quantity of all mineral oil produced during the preceding month from mineral oil operations conducted under to the petroleum lease, withholds such information or knowingly provides false or misleading information, shall be liable to a penalty of Rs. [●].
2.	Rule 18 - Penalty for producing mineral oils from outside the leased area If any person undertakes any mineral oil operation in any area outside the leased area, in addition to a penalty under sub rule (1) of rule 53, the Government of India may require such person to pay to the Government of India, the prevailing fair market price of the mineral oils produced outside the leased area, which can be recovered as arrears of land revenue under applicable law.	Any person producing mineral oils from outside the leased area or in contravention of these rules shall be liable to pay a penalty of Rs. [●].

S. No.	Rule	Penalty
	Provided that any action under this rule shall be without prejudice to any other legal remedy available to the Government under the applicable law.	
3.	<p>Rule 27: Continuity of mineral oil operations upon cancellation of petroleum lease</p> <p>Upon cancellation of a petroleum lease or any part thereof the lessee shall, if required by the Government of India, for a specified period not exceeding two years from such cancellation:</p> <ul style="list-style-type: none"> (a) render full cooperation in ensuring continuity of mineral oil operations, without disruption, until such time as the Government or its nominated entity assumes full operational control; (b) provide all technical and operational assistance necessary for the takeover, including the provision of relevant personnel, documentation, and system access; and (c) provide technical assistance, documentation, or personnel support following the takeover, to ensure operational continuity and safety. 	If any default is made in complying with the requirements of this rule, the lessee shall be liable to a penalty of Rs. [●] and a penalty of Rs. [●] for each day during which such default continues but not exceeding an amount of Rs. [●].
4.	<p>Rule 36: Title in data and lessee's duty to submit data</p> <ul style="list-style-type: none"> (1) All data obtained as result of mineral oil operations shall be the property of the Government of India. (2) All lessees shall submit all data collected, generated or otherwise processed in relation to or during the course of mineral oil operations promptly to the Government of India. (3) The data submitted by the lessee shall confirm to such standards, formats and protocols, as may be specified by the Government of India (4) Failure to submit data in accordance with these rules may result in imposition of penalties by the Adjudicating Authority or other action as prescribed under the Act. 	Where the lessee, being required under Rule 36(2) to submit all data collected, generated, or processed, withholds such data or knowingly provides false or misleading data, shall be liable to a penalty of Rs. 25,00,000 (Rupees Twenty-Five Lakhs) for such contravention, and an additional penalty of Rs. 10,00,000 (Rupees Ten Lakhs) for each day during which such contravention continues.

S. No.	Rule	Penalty
5.	<p>Rule 39 - Protection of proprietary data</p> <p>(1) Any data submitted by the lessee that is (i) generated from the use of proprietary methods, technology, or software; and (ii) explicitly justified and marked as '<i>proprietary and confidential</i>' at the time of submission to Government of India shall be proprietary data of the lessee.</p> <p>(2) The Government of India may require the lessee to provide proprietary data in such copies, timeline, format, and manner as the Government of India may prescribe from time to time.</p> <p>(3) The Government of India shall have a worldwide, perpetual, royalty-free, irrevocable, sub-licensable, and transferable right to access, use, and process proprietary data in any manner, for the purposes of:</p> <ul style="list-style-type: none"> (i) National economic planning and resource management; (ii) Policymaking, academic and scientific research; and (iii) Facilitating sustainable development, climate resilience, carbon neutrality, biodiversity preservation, social equity, community empowerment, sustainable development goals. <p>(4) Except as where required for compliance with applicable law or as required for the purposes as under sub rule (3) above, the Government of India shall not disclose proprietary data to any private third party, nor make it publicly available, without the prior written consent of the lessee, and shall maintain its confidentiality for a period of seven years from the date on which such data became available, or such extended period as may be approved by the Government of India. Where the Government of India discloses proprietary data to any private third party, it shall do so on the condition that such private third party shall maintain</p>	<p>Where the lessee, being required under Rule 39(2) to supply all proprietary data collected, withholds such data or knowingly provides false or misleading data, shall be liable to a penalty of Rs. 25,00,000 (Rupees Twenty-Five Lakhs) for such contravention, and an additional penalty of Rs. 10,00,000 (Rupees Ten Lakhs) for each day during which such contravention continues.</p>

S. No.	Rule	Penalty
	confidentiality in accordance with these rules or any other applicable law.	
6.	<p>Rule 40 – Transitional and Operational Access Obligations</p> <p>(1) In the event of transfer or cancellation of a petroleum lease, the lessee shall hand over all data and samples to the Government of India within thirty days, or such extended timeline as may be prescribed by the Government of India. Provided that the lessee may retain one copy of the data for internal use, research and development with prior Government of India approval, or for compliance with applicable law, but shall not be entitled to make any other use of the data.</p> <p>(2) The Government may allow succeeding lessee or third parties access to such data to ensure continuity of mineral oil operations.</p> <p>(3) The restrictions regarding the use and dissemination of proprietary data or samples under these rules shall apply for any data and samples handed over in this rule.</p>	In the event of transfer or cancellation of the lease, the lessee shall submit all data and samples to the Government of India. If the lessee withholds such data and samples or submits false, incomplete, or misleading data and samples, shall be liable to a penalty of Rs. 25,00,000 (Rupees Twenty-Five Lakhs) for each such contravention, and an additional penalty of Rs. 10,00,000 (Rupees Ten Lakhs) for each day during which such contravention continues.
7.	<p>Rule 42 - Monitoring and Reporting of Greenhouse Gas Emissions</p> <p>(1) Every lessee shall submit a plan for monitoring of greenhouse gas emissions, along with the submission of the field development plan, or within one hundred and eighty days from the commencement of these rules, whichever is later, with the following details:</p> <ul style="list-style-type: none"> (a) identification of sources of greenhouse emissions from mineral oil operations; (b) methodology and frequency of measurements; (c) brief description of the equipment and techniques proposed to be used; and 	In the event of failure by a lessee to submit a plan for monitoring of greenhouse gas emissions with the field development plan, the lessee shall be liable to a penalty of Rs. 25,00,000 (Rupees Twenty-Five Lakhs) for each such failure, and an additional penalty of Rs. 10,00,000 (Rupees Ten Lakhs) for each day during which such failure continues.

S. No.	Rule	Penalty
	<p>(d) any other information as prescribed by the Government of India.</p> <p>(2) The lessee shall review and update the plan submitted under sub rule (1) from time to time as may be necessary.</p> <p>(3) Every lessee shall adopt measures to reduce greenhouse gas emissions that take place during the course of mineral oil operations as may be specified by the Government of India from time to time.</p> <p>(4) Every lessee shall submit a report prepared in accordance with the plan under sub rule (1), on a quarterly basis, to the Government of India or a body designated by the Government of India, as may be specified by the Government of India from time to time.</p>	
8.	<p>Rule 44 – Monitoring, Reporting, and Verification</p> <p>(1) The lessee shall undertake continuous monitoring of the geological formation, including pressure levels, gas migration, and seal and reservoir integrity, throughout the period during which GHGs are injected.</p> <p>(2) The lessee shall submit annual reports, in the manner as may be specified by the Government of India in this regard, detailing the volumes of GHG injected, reservoir behaviour, and any deviations from the approved injection plan.</p> <p>(3) The lessee shall report any incident of GHG leakage or other environmental hazard pertaining to GHGs immediately to such authority as may be notified by the Government of India in this regard, along with the details of the remedial measures taken by such lessee.</p> <p>(4) The Government of India may conduct, either itself or through an independent third-party agency, an audit or verification of the lessee's GHG storage and sequestration activities, MRV data or on-site operations.</p>	If the lessee fails to submit the annual report required under Rule 44(2), or knowingly provides false or misleading information in such report, a penalty of Rs. 25,00,000 (Rupees Twenty-Five Lakhs) shall be imposed for such failure, and an additional penalty of Rs. 10,00,000 (Rupees Ten Lakhs) for each day during which such contravention continues.

S. No.	Rule	Penalty
	(5) The lessee shall bear full responsibility for any environmental or public health damages arising from GHG storage operations during the period of active sequestration and for a post-injection period, as determined by such authority as may be notified by the Government of India for this purpose.	
9.	<p>Rule 46 – Measurement and reporting of Flared Gas</p> <p>(1) All lessees shall use calibrated flow meters on all flare stacks to accurately measure the volume of gas flared.</p> <p>(2) All lessees shall submit reports specifying the volume of gas flared and the associated emissions on a quarterly basis in the prescribed format.</p>	If the lessee fails to submit the annual report required under Rule 46(2), or knowingly provides false or misleading information in such report, a penalty of Rs. 25,00,000 (Rupees Twenty-Five Lakhs) shall be imposed for such failure, and an additional penalty of Rs. 10,00,000 (Rupees Ten Lakhs) for each day during which such contravention continues.
10.	<p>Rule 47 – Site Restoration</p> <p>(1) Every lessee shall undertake site restoration in accordance with the guidelines, schemes and policies issued by the Government of India from time to time.</p> <p>Provided that in the absence of any applicable guidelines, schemes or policies, the lessee shall restore the site to good order and condition in accordance with international practices within six months from the date of cessation of the applicable mineral oil operations, or within such further time as the Government of India, may allow.</p> <p>(2) Every lessee shall maintain a site restoration fund in accordance with guidelines, schemes and policies issued by the Government of India from time to time.</p> <p>(3) If the lessee fails to comply with sub rule (1), the Government of India may issue directions to such lessee specifying the remedial measures</p>	If any default is made in complying with the requirements of Rule 47(1) and Rule 48(2), the lessee shall be liable to a penalty of Rs. [●] and a penalty of [●] for each day during which such default continues.

S. No.	Rule	Penalty
	<p>required to be undertaken and the timeline for carrying out such measures.</p> <p>(4) In the event of failure to comply with sub rule (1) or non-compliance with the directions issued by the Government under sub rule (3), the Government of India may undertake remedial measures at the sole cost and expense of the lessee.</p> <p>(5) In addition to any costs and expenses incurred by the Government of India in undertaking any site restoration or remedial measures, the lessee shall be liable for:</p> <ul style="list-style-type: none"> (a) any harm or damage caused to any person or property, regardless of whether or not such failure arises from negligence, delay, omission, or default on the part of the lessee to complete site restoration in accordance with sub rule (1); and (b) any other direct losses and liabilities of the Government of India arising from negligence, delay, omission, or default on the part of the lessee to complete site restoration in accordance with sub rule (1), and if the lessee fails to pay the same, the Government of India shall be entitled to recover the same from the lessee. 	
11.	<p>Rule 48: Declaration of Infrastructure Capacity</p> <p>The lessee shall, annually or at such intervals as may be prescribed by the Government of India, submit all information with respect to the installed and utilised capacity, and declare the excess capacity, of the infrastructure facilities owned by it, in the form and manner as may be prescribed by the Government of India.</p>	If the lessee fails to submit the information as required under this rule, the lessee shall be liable to a penalty of Rs. 25,00,000 (Rupees Twenty-Five Lakhs), and an additional penalty of Rs. 10,00,000 (Rupees Ten Lakhs) for each day during which such default continues.
12.	<p>Rule 50: Application and Declaration Process of excess capacity in Infrastructure Facilities</p>	If the lessee fails to comply with any direction issued by the Government regarding the sharing of excess

S. No.	Rule	Penalty
	<p>(1) Any lessee seeking to use any excess capacity of an infrastructure facility for mineral oil operations, may submit an application to the Government of India requesting determinations of the excess capacity of such infrastructure facility.</p> <p>(2) Upon receipt of the application, the Government of India shall provide any person owning or otherwise having a valid right to use the infrastructure facility an opportunity to be heard, and submit any objections or proposed terms and conditions for use of such excess capacity.</p> <p>(3) The Government of India may seek any information including capital and operational costs with respect to such infrastructure facility.</p> <p>(4) The persons owning or otherwise having a valid right to use the infrastructure facility, or who have jointly developed the infrastructure facility in accordance with rule 49 above, shall have the right of first use for their own requirements and the excess capacity may be used amongst other entities who require such capacity.</p> <p>(5) The Government of India may, after following the procedure as specified under this rule, determine the excess capacity of the infrastructure facility, if any, and prescribe the terms, conditions, charges and duration for the use of such excess capacity.</p>	infrastructure capacity, the lessee shall be liable to a penalty of Rs. [●].