

THE OILFIELDS (REGULATION AND DEVELOPMENT) ACT, 1948

(53 of 1948)

(8TH SEPTEMBER, 1948)

An Act to provide for the regulation of oilfields and for the development of mineral oil resources.

WHEREAS it is expedient in the public interest to provide for the regulation of oilfields and for the development of mineral oil resources;

It is hereby enacted as follows:-

1. Short title, extent and commencement.

(1) This Act may be called the Oilfields (Regulation and Development) Act, 1948.

(2) It extends the whole of India.

(3) It shall come into force on such date* as the Central Government, by notification in the Official Gazette, appoint in this behalf.

2. *(Declaration as to expediency of control by Central Government). Repealed by the Mines and Minerals (Regulation and Development) Act, 1957 (67 of 1957) Section 32 and Third Schedule (w.e.f. 1.6.1958).*

3. Definitions.

In this Act, unless there is anything repugnant in the subject or extent.

(a) The expression “lessor” and “lessee” respectively include a licensor and licensee;

(b) “mine” means any excavation for the purpose of searching for or obtaining mineral oils and includes an oil-well;

(c) “Mineral oils” include natural gas and petroleum;

(d) “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 purpose connected therewith, and includes an exploring or a prospecting license;

(e) “oilfield” means any area where any operation for the purpose of obtaining natural gas and petroleum, crude oil, refined oil, partially refined oil and any of the products of petroleum in a liquid or solid state, is to be or is being carried on.

4. No mining lease to be valid unless it is in accordance with this Act.

(1) No mining lease shall be granted after the commencement of this Act otherwise than in accordance with the rules made under this Act.

(2) Any mining lease granted contrary to the provision of sub-section (1) shall be void and of no effect.

5. Power to make rules as respects mining leases.

(1) The Central Government may, by notification in the Official Gazette, make rules for regulating the grant of mining leases or for prohibiting the grant of such leases in respect of any mineral oil or any area.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:-

- (a) the manner in which, the mineral oils or areas in respect of which and the persons by whom, applications for mining lease may be made and fees to be paid on any such applications;
- (b) the authority by which, the terms on which, and the conditions subject to which, mining leases may be granted;
- (c) the maximum or minimum area and the period for which any mining lease may be granted and the terms on which leases in respect of contiguous areas may be amalgamated;
- (d) the fixing of the maximum and minimum rent payable by a lessee, whether the mine is worked or not.

6. Power to make rules as respects development of mineral oil.

(1) The Central Government may, by notification in the Official Gazette make rules for the conservation and development of mineral oils.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:-

(a) & (b) omitted

- (c) the development of any mineral oil resources in any area by prescribing or regulating the use of any engines, machinery or other equipment;
- (d) the regulation of the drilling, re-drilling, deepening, shutting down, plugging and abandoning of oil-wells in an oilfield and for the limitation or prohibition of such operations and for the taking of remedial measures to prevent waste of or damage to oil;

- (e) the regulation of methods of providing oil in any oilfield, and the limitation or prohibition of such methods;
- (f) the compulsory notification of all new boring and shaft sinking, and the preservation of boring records and specimens of cores of all new bore-holes;
- (g) the taking of samples from mines and new boreholes;
- (h) the regulation of the arrangements for the storage of mineral oils and the stocks thereof that may be kept by any person;
- (i) the collection of royalties, and the levy and collection of fees or taxes, in respect of mineral oils mined, quarried, excavated or collected.
- (j) the submission by the owners or lessees of mines of special or periodical returns and reports, and the forms in which and the authorities to whom such returns and reports shall be submitted.

6A Royalties in respect of mineral oils.

(1) The holder of a mining lease granted before the commencement of the 'oilfields (Regulation and Development) Amendment Act, 1969, shall notwithstanding anything contained in the instrument of lease or in any law in force at such commencement, pay royalty in respect of any mineral oil mined, quarried, excavated or collected by him from the leased area after such commencement, at the rate for the time being specified in the Schedule in respect of the mineral oil.

(2) The holder of a mining lease granted on or after the commencement of the oilfields (Regulation and Development) Amendment Act, 1969 shall pay royalty in respect of any mineral oil mined, quarried, excavated or collected by him from the leased area at the rate for the time being specified in the Schedule in respect of that minerals oil.

(3) Notwithstanding anything contained in sub-section (1) or sub-section (2), no royalty shall be payable in respect of any crude oil, casing head condensate or natural gas which is unavoidably lost or is returned to the reservoir or is used for drilling or other operations relating to the production of petroleum or natural gas, or both.

* (4) The Central Government may, by notification in Official Gazette, amend the Schedule so as to enhance or reduce the rate at which royalty shall be payable in respect of any mineral oil with effect from such date as may be specified in the notification and different rates may be notified in respect of same mineral oil mined, quarried, excavated or collected from the areas covered by different classes of mining leases;

Provided that the Central Government shall not fix the rate of royalty in respect of any mineral oil so as to exceed twenty per cent of the sale price of the mineral oil at the oilfields or the oil well-head, as the case may be.

* (5) If the Central Government, with a view to encourage exploration in offshore areas, is satisfied that it is necessary in the public interest to do so, it may, by notification in the Official Gazette, exempt generally, either absolutely or subject to such conditions as may be specified in the notification, mineral oil produced from such areas from the whole or any part of the royalty leviable thereon.

7. Power to make rules for modification of existing leases.

(1) The Central Government, may, by notification in the Official Gazette, make rules for the purpose of modifying or altering the terms and conditions of any mining lease granted prior to the commencement of this Act so as to bring such lease into conformity with the rules made under sections 5 & 6;

Provided that any rules so made which provide for the matters mentioned in clause (c) of sub-section (2) shall not come into force until they have been approved, either with or without modifications, by the House of the People.

(2) The rules made under sub-section (1) shall provide-

(a) for giving previous notice of the modification or alteration proposed to be made thereunder to the lessee, and where the lessor is not the Central Government, also to the lessor, and for affording them an opportunity or showing cause against the proposal;

(b) for the payment of compensation by the party who would be benefited by the proposed modification or alteration to the party whose rights under the existing lease would thereby be adversely effected; and

(c) for the principles on which, the manner in which and the authority by which the said compensation shall be determined.

* Sub. by Act 29 of 1998, S2 (w.e.f. 03.09.1998)

8. Delegation

The Central Government may, by notification in the Official Gazette, direct that any power exercisable under this Act shall be exercised, subject to such conditions, if any, as may be specified therein by such officer or authority as may be specified in the direction.

9. Penalties.

(1) Any rule made under any of the provisions of this Act may provide that any contravention thereof shall be punishable with imprisonment which may extend to six months or with fine which may extend to one thousand rupees or with both.

(2) Whoever, after having been convicted of any offence referred to in sub-section (1), continues to commit such offence shall be punishable for each day after the date of the first conviction during which he continues so to offend, with fine which may extend to one hundred rupees.

10. Laying of rules and notifications.

Every rule made under this Act and every notification issued under sub-section (4) * or sub-section (5) of section 6A shall be laid as soon as may be after it is made or issued, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or notification or both Houses agree that the rule or notification should not be made or issued, the rule or notification shall thereafter have effect only in such modified form or be of no effect, as the case may be; so however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or notification.

11. Power to inspection.

(1) For the purpose of ascertaining the position of the working, actual or prospective, of any mine or abandoned mine or for any other purpose mentioned in this Act or the rules made thereunder, any officer

authorised by the Central Government in this behalf shall have the right to:-

* Sub. by Act 29 of 1998, S3 (w.e.f. 03.09.1998)

- (a) enter and inspect any mine;
- (b) order the production of any document, book, register or record in the possession or power of any person having the control of or connected with, any mines;
- (c) examine any person having the control of, or connection with, any mine.

(2) Any Officer authorised by the Central Government under sub-section (1) shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code.

12. Relaxation of rules in special cases.

The Central Government may, if satisfied that it is in the public interest so to do, authorise in any case the granting of any mining lease or the working of any mine or terms and conditions different from those laid down in the rules made under Section 5 and 6.

13. Act to be binding on the Government.

The provisions of this Act shall be binding on the Government.

14. Protection of action taken in good faith.

No suit, prosecution or other legal proceeding whatever shall lie against any person for anything which is in good faith done or intended to be done under this Act.

The Schedule

(See Section 6A)

Rates of Royalty

1. **Crude Oil** : Rupees 481 per metric tonne.

2. **Casing-head condensate:** Rupees 481 per metric tonne.

3. **Natural Gas:** Ten per cent of the value of the natural gas obtained at well-head.
