Syllabus subtopic:

- Government policies and interventions for development in various sectors and issues arising out of their design and implementation.
- Important aspects of governance, transparency and accountability.

Prelims and Mains focus: about the details of OALP-V; HELP and OALP: their significance

News: India’s Directorate General of Hydrocarbons (DGH) on Wednesday opened the fifth round of bidding for oil and gas blocks, offering 11 areas up for grabs.

Background

- The OALP round-four was the first round of bidding conducted under tweaked norms, where blocks in little or unexplored Category-II and III basins are awarded to firms offering to do maximum exploration programme. Earlier, licenses were awarded to companies who offered a maximum share of oil and gas to the Centre.

- The last bidding round under which seven blocks were put up on offer saw only eight bids coming in, with state-run oil explorer ONGC bagging all seven on land blocks offered under the Open Acreage Licensing Policy (OALP). So far, the government has awarded 94 blocks under the Hydrocarbon Exploration & Licensing Policy (HELP) regime in just two-and-a-half years.

About the move

- In continuation of its aggressive acceleration of exploration and production activities and adhering to prescribed timelines, the government has now launched the Bid Round-V for International Competitive Bidding. In this bid, 11 blocks with an area of around 19,800 sq km are on offer for bidding to the investor community.

- The 11 blocks under OALP Round-V are spread across eight Sedimentary
Basins and include eight on land blocks (six in Category-I Basin and one each in Category II and III Basins), two Shallow Water blocks (one each in Category-I and II Basins) and one Ultra Deep Water block (Category I Basin).

- **OALP-V** comes with attractive and liberal terms like no oil cess, reduced royalty rates, marketing and pricing freedom, round the year bidding, freedom to investors for carving out blocks of their interest, a single licence to cover both conventional and unconventional hydrocarbon resources, exploration permission during the entire contract period, and an easy, transparent and swift bidding and awarding process.

### About Open Acreage Licensing Policy (OALP)

- **The OALP**, a critical part of the Hydrocarbon Exploration and Licensing Policy, provides uniform licences for exploration and production of all forms of hydrocarbons, enabling contractors to explore conventional as well as unconventional oil and gas resources.

- Fields are offered under a revenue-sharing model and throw up marketing and pricing freedom for crude oil and natural gas produced.

- Under the OALP, once an explorer selects areas after evaluating the National Data Repository (NDR) and submits the EoI, it is to be put up for competitive bidding and the entity offering the maximum share of oil and gas to the government is awarded the block.

- NDR has been created to provide explorers’ data on the country’s repositories, allowing them to choose fields according to their capabilities. Data received through the National Seismic Programme, an in-depth study of 26 sedimentary basins, are continuously being added to the NDR.