Open Acreage Licensing Programme (OALP)

Syllabus subtopic: Effects of liberalization on the economy, changes in industrial policy and their effects on industrial growth.

Prelims and Mains focus: about OALP, HELP: objectives and significance

Context: Ministry of Petroleum and Natural Gas today signed contracts for 7 blocks, awarded under Open Acreage Licensing Programme (OALP) Bid Round - IV.

Background


Subsequent to evaluation, all 7 blocks were approved for award to ONGC, for which the Revenue Sharing Contracts have been signed today, in the presence of the Minister of Petroleum and Natural Gas & Steel. The total area awarded today in the 7 Onland blocks is 18,510 sq.km.. The blocks are spread across 3 sedimentary basins.

Reforms in hydrocarbon sector

- The govt. has shifted its focus from revenue to production maximisation and have adopted the path of continuous reform. Technology infusion in E&P activities has seen tremendous progress in recent times.
- Oil and gas companies are adopting digitisation, new technologies for augmenting production and growth.
- Energy sector will witness huge investments in coming years. Government has recently released the report of the task force on National Infrastructure Pipeline for 2019-25 which lays down a
roadmap for 102 lakh crore rupees worth of investments. Energy sector will comprise about 24% of the projected capital expenditure in infrastructure.

About HELP

- Hydrocarbon Exploration and Licensing Policy (HELP) was introduced in the year 2016, primarily characterized by Revenue Sharing Mechanism replacing the earlier New Exploration and Licensing Policy (NELP) which had Production Sharing Mechanism.

- The Hydrocarbon Exploration & Licensing Policy (HELP), which has adopted the Revenue Sharing contract model, is a giant step towards improving the ‘Ease of Doing Business’ in the Indian Exploration and Production (E&P) sector.

- It comes with attractive and liberal terms like reduced royalty rates, no oil cess, marketing and pricing freedom, round the year bidding, freedom to investors for carving out blocks of their interest, a single license 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.

- This was the maiden bidding round under the further liberalized policy terms, which focused on production maximization with higher weightage to work programme as part of evaluation criteria in Category I basin and no revenue share commitment as part of bidding parameters for category II and III basins.

Significance

- With the successful roll out of the HELP/OALP regime, based on the world-class National Data Repository (NDR), the Government has achieved massive enhancement of exploration acreage in India. The exploration acreage which stood at approximately 80,000 sq. km. in 2019
from earlier regimes has now been enhanced to approx. 2,15,000 sq. km.
after 4 rounds of OALP.