



Crude oil jumps 4% on US, China tariff reductions

London: Crude oil prices jumped by about 4 per cent on Monday after the US and China said they would ease some of their tariff measures. Brent crude futures were up \$2.08, or 3.25 per cent, at \$65.99 a barrel by 1325 GMT after giving up some early gains. US West Texas Intermediate (WTI) crude futures were trading up \$2.05 at \$63.07. REUTERS

Foreign Oil Firms May Get Overseas Arbitration Option

For domestic firms, local arbitration must; oil ministry framing new exploration rules

Sanjeev Choudhary

New Delhi: New exploration contracts will require Indian oil companies to resolve contractual disputes with the government through arbitration exclusively in India, while allowing foreign firms to opt for overseas arbitration, according to an official.

The oil ministry is currently framing new rules for the exploration sector and working on a new model contract for future winners of exploration licences in the country.

According to the draft rules, all disputes and claims related to petroleum leases or contracts are to be resolved through arbitration, either in India or overseas. "In case of a licensee, lessee



or contractor which is an entity incorporated under the laws of a foreign jurisdiction, the seat of such arbitration must be of a neutral jurisdiction," the draft states. However, it is less explicit about requirements for India-incorporated firms.

An official clarified that the option of overseas arbitration will not be available to Indian companies. Foreign oil firms have been vocal in demanding "neutral arbitration"—a seat of arbitration not located in either party's home country. They consider this

essential to protecting their investments, as it helps insulate the arbitration process from domestic government influence.

The new contracts will allow foreign players to choose from about half a dozen arbitration venues, excluding those in India and the foreign company's home country. London, The Hague, Paris, Singapore and Hong Kong are among the leading international arbitration seats. Past disputes between oilfield developers and the Indian government show that the arbitration process can be lengthy and costly. Arbitral awards are often challenged in Indian courts, leading to years of delay.

For instance, arbitration over cost recovery in the Panna-Mukta-Tapti fields between the government and contractors—Reliance Industries and Shell—has dragged on for more than a decade.

Another legal battle between Reliance Industries and the government over gas extraction in the KG Basin field licensed to ONGC has also been ongoing for several years.

Govt seeks first right to buy oil & gas under exigency clause

ARUNIMA BHARADWAJ

New Delhi, May 12

THE GOVERNMENT WILL hold "pre-emption rights" over all crude oil and natural gas produced in the country in case of a national emergency, the oil ministry said in its latest draft regulations on petroleum and natural gas rules.

A pre-emption right is a legal right of a party to buy or to acquire a certain product, asset, property, or resource newly coming into existence before it can be offered to any other person or entity.

The proposed regulation comes as the government seeks to ensure adequate stock and availability of oil and gas — used in various sectors such as power, CNG, PNG, fertiliser, paint etc — in case of national emergency and adversities amid increased geopolitical uncertainties, as per analysts.

"In the case of a national emergency in respect of petroleum products or mineral oil, the Government of India shall, at all times, during such emergency, have the right of pre-emption of the mineral oils, refined petroleum or petroleum or mineral oil products produced from the crude oil or natural gas extracted from the leased area, or of the crude oil or natural gas where the lessee is permitted to sell, export or dispose of it without it being refined within India," the draft rules said.

It added that the fair market price prevailing at the time of pre-



emption shall be paid to the lessee by the government, for the petroleum or petroleum or mineral oil products or the crude oil or natural gas taken in pre-emption.

"This has been the case for resources that are scarce in the country. This is being done primarily in cases of national emergencies since we also have low buffer stock of oil," said Prashant Vasisht, senior vice president and co-group head, Icria.

"Indian Strategic Petroleum Reserves only has some 9 days of stock. Though the oil companies also have storage, these are strategically important assets so the government has probably come out with the rules."

However, private players in the country's upstream sector have time and again said that the price discovery would be better in the global markets.

"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," the government said without specifying what constitutes a national emergency.

The rules also said that if a lessee fails to meet lease obligations due to force majeure, the adjudicating authority cannot impose penalties, and any resulting delays will extend the timeline for fulfilling those obligations unless the contract states otherwise.

"Force majeure" includes an act of God, war, insurrection, riot, civil commotion, tide, storm, tidal wave, flood, lightning, explosion, fire, earthquake, pandemic and any other happening which the lessee could not reasonably prevent or control, the draft rules said.

The ministry of petroleum and natural gas has invited feedback on draft rules after the Parliament in March passed the Oilfields (Regulation and Development) Amendment Bill 2024 in an attempt to make oil and gas exploration in the country more attractive for companies.

The Bill proposes to broaden the definition of mineral oils, which previously included only petroleum and natural gas and introduces the concept of a petroleum lease. This lease covers various activities related to mineral oils, including exploration, prospecting, production, making them merchantable, and disposal.



Panel recommends subsidy for private operators supplying natural gas in N-E

OPERATOR SUPPORT. Joint Working Group suggests 40% subsidy, clearer PI transfer and policy improvements

Rishi Ranjan Kala
New Delhi

A Joint Working Group (JWG) formed by the Ministry of Petroleum and Natural Gas (MoPNG) has recommended subsidising private operators who supply natural gas to the North-Eastern States.

The panel, which comprises officials from the exploration and production (E&P) sector, national oil companies and the government, was formed last year in a bid to boost oil and gas production and attract investments.

SUBSIDY SUPPORT

India's sedimentary basins have around 651.8 million tonnes (mt) of crude oil and 1,138.6 billion cubic meters (BCM) of natural gas. However, around 10 per cent of the sedimentary basin area is under exploration.

On enhancing natural



GROWTH PLAN. The proposed changes target inefficiencies in current mechanisms to boost oil and gas sector productivity

gas supply in the North-East, the working group suggested that a subsidy of 40 per cent on the supply of natural gas may be extended to every operator in the region.

Additionally, it recommended that the proposed subsidy mechanism could be gradually tapered off over the next 5 years.

The JWG explained that

the existing gas price mechanism in the North-East region is marked by the coexistence of multiple gas prices, which poses significant challenges for private operators.

According to the new domestic natural gas pricing guidelines, a 40 per cent subsidy on the administered price mechanism (APM) allocated to natural

gas is provided to the national oil companies in the region. However, the guidelines lack clarity in the applicability of the subsidy for natural gas supplied by private operators in the North-East. This arrangement allows ONGC and OIL to benefit from discounted gas prices, which undermines the competitiveness of private companies, the JWG explained.

PARTICIPATING INTEREST

Another key recommendation by the panel is on the transfer of participating interest (PI) among existing PI holders under a contract.

"The management committee (MC) may be empowered to approve PI transfer cases, where the contractor intends to transfer the PI within the existing parties of the contract, subject to no change in operatorship," the JWG said.

The recommendation aims to expedite the ap-

proval process and reduce project delays, thereby promoting transparency and the ease of doing business, the panel emphasised. Under the existing contractual provisions for various regimes, such as production sharing contract and coal bed methane, PI transfer within the existing parties of the contractor requires prior written consent from the government. However, this process involves a comprehensive technical, financial and legal due diligence for each case.

In such cases, as the PI holders have already undergone verification during the initial contract award stage, evaluation for any change in PI among existing parties of the contract may be foregone, it added.

Further, in many cases, it had been observed that the internal transfer approval could take up to six months, leading to significant project delays, the working group said.

सीएनजी प्लांट पर ग्रामीणों का जमकर हंगामा-प्रदर्शन

● जनवाणी संवाददाता, दौराला

जीतपुर मार्ग स्थित सीएनजी प्लांट पर सोमवार को जीतपुर गांव के ग्रामीणों ने हंगामा किया। आरोप लगाया कि प्लांट से निकलने वाली मैली को गांव के चारों ओर से आने वाले रास्ते पर डाल दिया जाता है, जिस कारण बारिश में यहां फिसलन हो जाती है। मैली से उठती बदबू व पनप रहे मच्छरों से ग्रामीण बीमारियों से जूझ रहे हैं। उन्होंने प्लांट मालिक के खिलाफ कार्रवाई की मांग की।

प्रधान विजय पंवार के नेतृत्व में ग्रामीण सोमवार सुबह प्लांट पर एकत्रित हुए और प्लांट मालिक के खिलाफ नारेबाजी करते हुए हंगामा शुरू कर दिया। प्रधान ने बताया कि प्लांट सरकार के आदेश पर मानक के अनुसार स्थापित किया गया था, लेकिन मालिक मानकों का उल्लंघन कर रहा है। प्लांट से निकलने वाली मैली को रास्ते पर

डाल दिया जाता है। मैली के कारण मार्ग पर फिसलन रहने से कई मर्तबा ग्रामीण फिसलकर चोटिल हो चुके हैं। इसके अलावा इस प्लांट की वजह से गांव का पानी दूषित होने लगा है। गांव में मच्छर पनप रहे हैं, परंतु प्लांट मालिक गांव में फॉगिंग नहीं कराता। पूर्व प्रधान जयवीर ने बताया कि ग्रामीणों की ओर से डीएम, एसएसपी, एसडीएम, मुख्यमंत्री पोर्टल पर शिकायत की जा चुकी है, परंतु आज तक कोई कार्रवाई नहीं हुई। कार्रवाई नहीं होने से प्लांट मालिक अपनी मर्जी चला रहा है, जिसका खामियाजा ग्रामीणों को भुगतना पड़ रहा है। ग्रामीण प्रशांत ने चेतावनी दी कि यदि कार्रवाई नहीं हुई तो ग्रामीणों को आंदोलन करने पर विवश होना पड़ेगा। हंगामे की सूचना पर पुलिस मौके पर पहुंची और ग्रामीणों को किसी तरह समझा-बुझाकर शांत कराया।