

Open Acreage Licensing Programme (OALP)

August 14, 2021

In news- The Ministry of Petroleum and Natural Gas recently launched the Open Acreage Licensing programme (OALP) bid round-VI for international competitive bidding.

About Open Acreage Licensing programme (OALP)-

- **Open Acreage Licensing (OALP) mechanism was launched under the Hydrocarbon Exploration and Licensing Policy.**
- OALP offered the potential investors freedom to carve out blocks of their choice through submission of Expression of Interest (EoI).
- EOI can be submitted throughout the year without waiting for a formal bid round from the government.
- These blocks would be subsequently offered through a biannual formal bidding process.

Bids under OALP-

- The Government had launched OALP Bid Rounds-II and III on 07th January, 2019 and 10th February, 2019 respectively.
- It is to be noted that an area of 156,580 square kilometre has already been awarded under past bid rounds OALP bid rounds (I to V).
- The government launched OALP bid round-V on January 14, 2020.
- The bid round VI is likely to generate an immediate exploration work commitment of around \$300-400 million.
- This Bid Round-VI is expected to add further 35,346 sq km, taking the total area for exploration to 191,926 sq. km under the Hydrocarbon Exploration and Licensing Policy (HELP) regime.

Hydrocarbon Exploration and Licensing Policy (HELP)-

- The Government notified the policy in 2016.
- It replaced the erstwhile New Exploration Licensing Policy (NELP)
- It 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.
- It brought about paradigm changes in the way exploratory blocks are auctioned in India.
- It led to transition from production sharing regime to revenue sharing regime.
- Government notified further policy reforms within the ambit of HELP in February 2019. The focus was shifted from 'revenue' to 'production' maximization.