

No. M.VI-1/3/2024-Mines VI  
Government of India  
Ministry of Mines

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Shastri Bhawan, Dr. Rajendra Prasad Road  
New Delhi-110 001

Dated:- 10<sup>th</sup> March, 2024

**NOTICE**

**Subject: Framing of rules under the OAMDR Act, 2002 - Draft Offshore Areas Operating Right Rules, 2024.**

Ministry of Mines administers the Offshore Areas Mineral (Development & Regulation) Act, 2002 [OAMDR Act]. The Act provide for development and regulation of mineral resources in the territorial waters, continental shelf, exclusive economic zone and other maritime zones of India and to provide for matters connected therewith or incidental thereto.

2. The OAMDR Act has recently been amended through the OAMDR (Amendment) Act, 2023 w.e.f. 17.08.2023 which brought major reform by introducing auction as the method of allocation of operating rights in the offshore areas.

3. Ministry of Mines is in the process of framing the rules for implementing the provisions of the amended OAMDR Act. Accordingly, draft of (i) the Offshore Areas Mineral (Auction) Rules and (ii) the Offshore Areas Minerals (Existence of Mineral Resources) Rules were published for public consultation on 26.12.2023. Further, draft Offshore Areas Mineral Trust Rules, 2024 were published for public consultation on 22.02.2024.

4. Now the Ministry of Mines has prepared draft Offshore Areas Operating Right Rules, 2024 which *inter-alia* will provide the terms and conditions of operating rights; provisions related to their expiry, lapse, surrender, termination and transfer; payment of royalty, auction premium, etc. These rules are proposed to supersede the Offshore Areas Mineral Concession Rules, 2006. Draft of the Offshore Areas Operating Right Rules, 2024 is enclosed herewith.

5. As part of the Pre-Legislative Consultation Policy, comments/ suggestions are invited from the general public, Governments of States and Union Territories, mining industry stake-holders, industry associations, and other persons and entities concerned, on the above draft notifications for amendment of the rules.

6. The last date for receipt of the comments/suggestions is [ *mention date - 30 days from date of notice* ], 2024.

7. The comments/suggestions may be sent by e-mail in MS-Office Word file to the following ID:

offshore-mines@gov.in

The subject of the e-mail should be "Comments/ suggestions on the draft

Offshore Operating Right Rules, 2024”.

7. Alternatively, comments/suggestions may also be sent by post to the following address:

Shri Mustaq Ahmad, Director  
Ministry of Mines  
Room No 313,  
D-Wing Shastri Bhawan,  
Dr Rajendra Prasad Road  
New Delhi -110 001

The envelope may kindly be superscribed on the top with:

“Comments/ suggestions on the draft Offshore Areas Operating Right Rules, 2024”.

Encl.: As above.

**(Vinod Kumar)**  
Under Secretary to the Govt. of India  
011-23383946

Signed by Vinod Kumar  
Date: 10-03-2024 06:36:45

## MINISTRY OF MINES

### NOTIFICATION

New Delhi, the [\*]th [\*], 2024

**G.S.R. [\*] (E)-** In exercise of the powers conferred by section 35 of the Offshore Areas Mineral (Development and Regulation) Act, 2002 (17 of 2003), the Central Government hereby makes the following rules, namely: —

#### CHAPTER I

##### Preliminary

#### 1. Short title and commencement. –

- (1) These rules may be called the Offshore Areas Operating Right Rules, 2024.
- (2) These rules shall come into force on the date of their publication in the Official Gazette.

#### 2. Definitions. –

- (1) In these rules, unless the context otherwise requires, -
  - (a) “**Act**” means the Offshore Areas Mineral (Development and Regulation) Act, 2002 (17 of 2003);
  - (b) “**auction premium**” means the amount payable by the lessee under sub-rule (2) of rule 13 of the Offshore Areas Mineral (Auction) Rules, 2024;
  - (c) “**illegal mining**” means any reconnaissance operation or exploration operation or production operation undertaken by any person or company in any offshore area without holding an operating right as required under sub-section (1) of section 5 or, outside the boundaries of the offshore area for which the operating right has been granted;  

Explanation. - For the purpose of this clause, violation of any rules, other than the rules made under clause (pa) of sub-section (2) of section 35, within the licence area or lease area, by a licensee or a lessee shall not include illegal mining;
  - (d) “**incidental mineral extraction**” means any extraction or excavation of minerals from an offshore area while undertaking any infrastructure project or other works by the Government or any person duly authorised by the Government to undertake such project or works and shall not include extraction by a holder of operating right in the area for which the operating right has been granted to him;
  - (e) “**lease area**” means the area for which a production lease has been granted in accordance with the Act and the rules made thereunder;
  - (f) “**licence area**” means the area for which a composite licence has been granted in accordance with the Act and the rules made thereunder;
  - (g) “**production plan**” shall have the meaning assigned to it under the Offshore Areas Mineral Conservation and Development Rules, 2024;
  - (h) “**rules**” means rules framed under provisions of the Act;
  - (i) “**run-of-mine**” means the raw unprocessed or uncrushed material in its natural state obtained after dredging or mining, from the mineralised zone of a lease area;
  - (j) “**Schedule**” means a schedule appended to these rules;
  - (k) “**section**” means a Section of the Act;

- (1) **“threshold value in respect of atomic minerals”** means the grade of atomic mineral, specified as percentage of weight of the prescribed substances contained in the ore, as specified and notified from time to time in Schedule A of the Atomic Mineral Concession Rules, 2016 under Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957), as the threshold value for the particular atomic mineral occurring as such, or in association with one or more minerals;
- (2) words and expressions used herein but not defined herein shall have the same meaning as assigned to them in the Act or the rules made thereunder.

**3. Application.–**

These rules shall apply to all minerals in the offshore areas, except–

- (i) mineral oils and hydrocarbons described in sub-section (1) of section 3; and
- (ii) atomic minerals having grade equal to or more than the threshold value in respect of atomic minerals.

**4. Saving of Act 33 of 1962.–**

Nothing in these rules shall affect the provisions of the Atomic Energy Act, 1962 (33 of 1962) and the rules made thereunder in respect of licensing relating to minerals specified in Part B of the First Schedule to the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957).

## **CHAPTER II**

### **Notification of areas for grant of licence or lease**

**5. Availability of offshore areas for grant of operating right.–**

- (1) No offshore area shall be available for grant of any operating right unless the availability of the area for grant is notified by the Administering Authority in the Official Gazette specifying a date from which such area shall be available for grant under section 10.
- (2) Before notifying any offshore area under sub-rule (1), the Central Government shall consult the Ministry of Defence; Ministry of Environment, Forest and Climate Change; Ministry of Home Affairs; Ministry of External Affairs; Department of Space; Department of Telecommunications; Department of Fisheries under the Ministry of Fisheries, Animal Husbandry and Dairying; Ministry of Earth Sciences; Ministry of Ports, Shipping and Waterways; Ministry of Petroleum and Natural Gas; Ministry of Science and Technology; Ministry of New and Renewable Energy; Department of Atomic Energy and any other ministry or department as may be considered necessary, or relevant, by the Central Government.
- (3) Where a reconnaissance operation or exploration operation is to be undertaken by any agency specified or notified under the proviso to sub-section (1) of section 5, no prior notification under sub-rule (1) shall be required but the Administering Authority shall issue an order giving details of the offshore area and period for which the reconnaissance operation or exploration operations are to be undertaken and a copy of such order shall be endorsed to the ministries and departments as specified under sub-rule (2).

## **CHAPTER III**

### **Operating rights to Government, Government companies or corporations**

**6. Grant of operating rights to Government, Government companies or corporations.–**

- (1) The Administering Authority may grant operating rights for any offshore area reserved under sub-section (1) of section 8, or part thereof, to the Government, or a

Government company or a corporation, in accordance with sub-section (3) of section 8.

- (2) Before grant of any operating rights under sub-rule (1), the Central Government shall consult the ministries and departments as specified under sub-rule (2) of rule 5 of these rules.
- (3) All production leases granted to the Government, Government company or corporation for minerals under sub-section (3) of section 8 shall be for a period of fifty years.
- (4) All the terms and conditions, including payment of amounts under the Act, applicable to a licensee or a lessee, selected in accordance with Offshore Areas Mineral (Auction) Rules 2024 shall, except for the procedure for grant of composite licence or a production lease, apply mutatis mutandis to the Government, or a Government company, or a corporation which has been granted composite licence or a production lease under sub-section (3) of section 8.

## CHAPTER IV

### Terms and Conditions of Operating Rights

#### 7. Terms and Conditions of a composite licence.–

- (1) An exploration licence deed of the composite licence containing the terms of the composite licence shall be executed with a successful bidder under sub-rule (4) of rule 18 of the Offshore Areas Mineral (Auction) Rules, 2024 in the format specified in **Schedule I**.
- (2) Every composite licence granted under these rules, shall, in addition to any other conditions that may be specified therein, be subject to the following conditions, namely:-
  - a) for mineral block, the licensee may win and carry, for purposes other than commercial purposes-
    - (i) any quantity of such minerals within the limits specified in column 3 of the **Schedule II** without any payment;
    - (ii) any quantity of such minerals not exceeding the limits specified in column 4 of the **Schedule II** on payment of royalty specified in the First Schedule to the Act from time to time in respect to those minerals:

Provided that if any quantity in excess of the quantities referred to in this clause is won and carried away, the Administering Authority shall recover the value of the excess quantity of minerals won and carried away and may also impose penalty under the provisions of the Act and these rules.

- b) with the prior written permission of the Administering Authority, the licensee may carry away quantities of minerals in excess of the limits specified in the **Schedule II**, on payment of royalty specified in the First Schedule to the Act, for chemical, metallurgical, beneficiation or ore-dressing and other test purposes;
- c) if the licensee is convicted of illegal mining and there are no interim orders of any court of law suspending the operation of the order of such conviction in appeals pending against such conviction in any court of law, the Central Government may, without prejudice to any other proceedings that may be initiated under the Act or the rules made thereunder, terminate such licence

and forfeit the performance security submitted by the licensee, after giving such licensee an opportunity of being heard and for reasons to be recorded in writing and communicated to the licensee;

- d) the licensee shall take all necessary steps and measures for enabling the natural rehabilitation of the seabed affected by exploration operations, including any measures as may be specified by the Central Government from time to time;
- e) the licensee shall comply with the provisions of the Act and the rules made thereunder including rules made under section 19A and directions issued under section 21;
- f) the licensee shall make available all exploration data, reports, samples, including the data pertaining to quantum of such samples won and extracted, and other relevant information collected by him pursuant to an exploration operation, and shall submit to the Geological Survey of India, Administering Authority, Indian Bureau of Mines and such other authority as may be specified:
  - (i) quarterly report within thirty days of the close of the quarter;
  - (ii) annual report within sixty days of the close of the year;
  - (iii) any other report specified in the composite licence;
- g) the licensee shall not share any data collected during the course of exploration operations with any third party for storage, processing or interpretation without the prior approval of the Administering Authority;
- h) the licensee shall allow any officer authorised by the Administering Authority or the Central Government to enter upon any vessel, platform, installation or any other infrastructure in the licence area for the purpose of inspecting the same;
- i) the licensee shall maintain an accurate and faithful account of all the expenses incurred by it on exploration operations, and also the quantity and other particulars of all minerals obtained during such operations and their dispatch;
- j) notwithstanding the generality of clause (i) of sub rule (2), the licensee shall maintain a daily log of data collected during the course of exploration operations on the vessel or installation whereby such operations are being carried out in the licence area, and shall allow any officer authorised by the Central Government or the Administering Authority in this behalf to inspect such data logs. The licensee shall also comply with any other data related reporting requirements specified in the composite licence;
- k) the licensee shall have the right to deploy vessels, drones and bring upon the licence area all such temporary buoys, structures, steam and other engines, machinery, conveniences, and effects as may be deemed proper and necessary for effectively carrying on its exploration operations or for the employment of workmen thereon;
- l) the licensee shall comply with all applicable laws and regulations pertaining to movement and deployment of vessels, installations, machinery, engine, platforms and other installations or implements in the offshore areas;
- m) the licensee shall ensure that any vessels, installations, machinery, engine, platforms and other installations or implements that have been deployed by it in the offshore areas have on board, and use equipment, such as satellite

tracking equipment and voyage data recorder, that monitors and reports their activity;

- n) save in the case of the area over which the licensee has been granted a production lease on or before the expiry or termination of the composite licence, as the case may be, the licensee shall, within six months after the expiry or termination of the licence or date of abandonment of operations or surrender of excess area in accordance with the first proviso to sub-rule (7) of rule 18 of the Offshore Areas Mineral (Auction) Rules, 2024, whichever is earlier:
  - (i) take all necessary steps enabling the natural rehabilitation of the seabed affected by exploration operations, including any measures as may be specified by the Central Government from time to time; and
  - (ii) remove expeditiously at his own cost, all vessels, structures, buoys, engines, machinery, implements, equipment and other property and effects erected or brought by the licensee on or in the licence area together with all minerals won by the licensee;
- o) the licensee shall give at least two months advance notice before commencement of the exploration operation to the Administering Authority, Indian Bureau of Mines and Naval Headquarters (Directorate of Naval Intelligence), Ministry of Defence, to ensure that such operations do not interfere with any Naval exercise in the area;
- p) in case foreign domiciled entities or foreign entities or contractors, personnel, vessels or equipment are engaged or deployed, for undertaking exploration operations, all applicable prior approvals shall be obtained from the relevant government authorities, including any specific approvals mandated by the Central Government from time to time, and any data shall be collected and work shall be carried out under the supervision and control of Indian representatives of the licensee, who shall ensure appropriate security safeguards;
- q) the licensee shall ensure that the data generated during exploration operations, including any geological data, is processed, including by foreign entities or contractors, in India and such processed and unprocessed data may be imparted to any foreign entity only with prior approval of the Administering Authority;
- r) prior to their deployment, all vessels to be deployed or installations to be erected, for exploration operations by the licensee himself or contracted companies, shall undergo and clear security inspection of the Indian Navy under the aegis of the Flag Officer Commanding-in-Chief of the concerned Naval Command and Flag Officer, Offshore Defence Advisory Group. A clear one month's notice must be given by the licensee to the aforesaid offices to facilitate such inspection and clearance;
- s) all vessels to be deployed for exploration operations by the licensee shall obtain prior clearance from the Directorate General of Shipping in terms of the relevant provisions of the Merchant Shipping Act, 1958 (44 of 1958) and the rules made thereunder;
- t) intimation regarding award of contracts to contracted companies or persons along with relevant details of the contracts, including the name of the contracted entity, duration of the contract, subject matter of the contract, nature of equipment employed and data to be collected, if any, shall be forwarded to the Naval Headquarters (Directorate of Naval Intelligence),

Ministry of Defence, along with a copy to the Administering Authority, suitably in advance of the operations by the licensee, providing six monthly long case on vessels deployment by operating companies;

- u) appropriate visa, and such other permissions as may be required under applicable law, shall have to be obtained from the relevant government authority for all foreign personnel on board the vessel;
- v) the licensee shall take all precautionary measures for safety and security of all vessels or equipment deployed for exploration operations and the personnel onboard;
- w) the licensee shall, for issuing the marine safety warnings, immediately inform the Flag Officer, Offshore Defence Advisory Group and the Administering Authority, the location indicating co-ordinates of all vessels, existing and under construction offshore installations or platforms, equipment and machinery deployed within the licence area, and thereafter its new location as and when it is shifted;
- x) the licensee shall not interfere with any right of way in recognised sea lanes for the purposes of navigation, or any other purpose authorised by the Central Government;
- y) the licensee shall allow reasonable facilities of access to any existing and future licensees or lessees over any area which is comprised in or adjoins or is reached by the licence area held by the licensee:

Provided that no substantial hindrance or interference shall be caused by such existing and future licensees or lessees to the operations of the licensee and fair compensation (as may be mutually agreed upon or in the event of disagreement as may be decided by the Administering Authority) shall be paid by them to the licensee for any loss or damage sustained by the licensee by reason of the exercise of this liberty;

- z) the licensee shall use its best efforts to avoid obstructions to or interference with any petroleum operations being carried out or proposed to be carried out by an operator, duly authorised by the appropriate government authority, within the licence area.
- aa) failure on the part of the licensee to fulfil any of the terms and conditions hereunder or under the composite licence shall not give the Central Government or the Administering Authority any claim against the licensee or be deemed a breach of the licence, in so far as such failure is considered by the Central Government to arise from a force majeure event. In the event of any delay by the licensee to fulfill any of the terms and conditions hereunder or under the composite licence on account of a force majeure event, the period of such delay shall be added to the period fixed by these rules or the composite licence.

In this clause the expression “force majeure” means act of God, war, insurrection, riot, civil commotion, strike, earthquake, storm, tidal wave, flood, lightning, explosion, fire, or any other happening which the licensee could not reasonably prevent or control;

- bb) the licensee shall ensure that all personnel, vessels, installations, equipment and infrastructure deployed for the purposes of exploration operations in the licence area shall, at all times during the term of the licence, be insured by the licensee in accordance with such regulatory requirements, as applicable under any law for the time being in force, and such other terms and conditions as

may be specified by the Central Government or the Administering Authority from time to time; and

- cc) the Central Government shall at all times have the right of pre-emption of the minerals won from the licence area in respect of which the composite licence has been granted:

Provided that the average sale price as published by Indian Bureau of Mines prevailing at the time of pre-emption shall be paid to the licensee for all such minerals.

- (3) In addition to the conditions stipulated in sub-rule (2) of this rule, a composite licence may contain such other conditions, as the Administering Authority or Central Government may deem fit to impose, namely:-

- (i) indemnity to Central Government against the claim of a third party for any damage, injury or disturbance caused to him by the licensee;
- (ii) measures, as specified by the Central Government from time to time, pertaining to prevention and control of pollution and conservation of marine ecosystem in protected areas including, marine national parks, marine sanctuaries or any other area, as may be notified by the Central Government;
- (iii) restrictions on exploration operations in any area prohibited by any competent authority;
- (iv) the reporting of accidents;
- (v) conditions regarding entry in certain parts of offshore areas;
- (vi) facilities to be given by the licensee for working other minerals, mineral oil and hydrocarbon resources in the licence area or adjacent areas; and
- (vii) any other conditions specified in the tender document for auction for grant of composite licence.

- (4) The Administering Authority may, either with the previous approval of the Central Government or at the instance of the Central Government, impose such further conditions as may be necessary in the interest of conservation and development of minerals.

- (5) In the case of breach of any condition imposed on any licensee under the Act and the rules made thereunder, the Central Government, by order in writing, terminate the licence and/or forfeit, in whole or part, the performance security submitted by the licensee and/or take such other action in accordance with the Act and the rules framed thereunder:

Provided that no such order shall be made without giving the licensee a reasonable opportunity of hearing and without recording the reasons in writing.

## **8. Terms and Conditions of a production lease.—**

- (1) The production lease granted by way of a production lease deed to:
- (a) a successful bidder under sub-rule (7) of rule 10 of the Offshore Areas Mineral (Auction) Rules, 2024; or
  - (b) the holder of a composite licence under sub-rule (9) of rule 18 of the Offshore Areas Mineral (Auction) Rules, 2024, who has made an application for grant of production lease under clause (b) of sub-rule (6) of rule 18 of the Offshore Areas Mineral (Auction) Rules, 2024 in the format as specified in **Schedule III** to these rules;

shall be, in each case, in the format specified in **Schedule IV**.

(2) Every production lease shall be subject to the following conditions, namely:-

- (a) the lessee shall pay, for every year of the lease period, such yearly fixed rent at the rates specified in the Second Schedule to the Act, and if the lease permits the working of more than one mineral in the same area, the Central Government shall not charge separate fixed rent in respect of each mineral:

Provided that the lessee shall be liable to pay the fixed rent or royalty in respect of each mineral, whichever is higher, but not both;

- (b) the lessee shall also pay for any area used by it for the purposes of production operations, surface rent and other applicable charges, fees, taxes, cess, duties and levies, applicable for such area, as may be specified or imposed by the Central Government from time to time;
- (c) the lessee shall commence production operations within two years, as prescribed under sub-section (c) of section 14, from the date of execution of the lease deed and shall thereafter conduct such operations in a safe, skillful and workman-like manner.

Explanation: For the purpose of this clause, production operations shall include deployment of any vessel, erection of buoys, operation of engines or machinery, implementation of equipment, construction of artificial island or platform and premises in the lease area or any other operation undertaken for the purpose of winning of minerals;

- (d) the lessee shall not carry on or allow to be carried on, any production operations at any point within a distance of 500 meters from any telecommunication cables, offshore wind turbine generators, offshore power substations, oil platform or pipelines, underwater archaeological sites, defence installations or any port area, except under and in accordance with the previous written permission of the concerned competent authority and any officer authorised by the Administering Authority or the Central Government in this behalf. The said distance of 500 meters shall be measured from the outer edge of the relevant vessel, structure or installation, as applicable;
- (e) the lessee shall keep accurate and faithful accounts showing the quantity and other particulars of (i) all minerals obtained and dispatched from the lease area, and (ii) waste material excavated from the lease area, (iii) the number and nationality of persons employed therein, and (iv) complete plans of the lease area, and shall allow any officer authorised by the Central Government or Administering Authority in this behalf to examine at any time any accounts, plans, data logs and records maintained by him and shall furnish the Administering Authority with such information and returns as it or any officer authorised by it in this behalf may require. The lessee shall also comply with any other reporting requirements specified in the production lease;
- (f) the lessee shall keep accurate records of all excavations, pits and drillings made by the lessee in the course of production operations carried on by the lessee under the lease and shall allow any officer authorised by the Central Government or Administering Authority to inspect the same. Such records shall contain the following particulars, namely:-
- (i) the subsoil and strata below the seabed through which such

excavations, pits or drillings pass;

- (ii) details of any mineral encountered; and
- (iii) such other particulars as the Central Government or Administering Authority may from time to time, require;
- (g) the lessee shall comply with all applicable laws and regulations pertaining to movement and deployment of vessels, installations, machinery, engine, platforms and other installations or implements in the offshore areas;
- (h) the lessee shall ensure that any vessels, installations, machinery, engine, platforms and other installations or implements that have been deployed by it in the offshore areas have on board, and use equipment, such as satellite tracking equipment and voyage data recorder, that monitors and reports their activity;
- (i) the lessee shall allow any officer authorised by the Administering Authority or the Central Government to enter upon any vessel, platform, installation or any other infrastructure in the lease area for the purpose of inspecting the same;
- (j) the Central Government shall at all times have the right of pre-emption of the minerals won from the lease area in respect of which the lease has been granted:  

Provided that the average sale price as published by Indian Bureau of Mines prevailing at the time of pre-emption shall be paid to the lessee for all such minerals;
- (k) the lessee shall store and maintain accounts properly within the lease area of the unutilised or non-saleable subgrade ores or minerals for future beneficiation;
- (l) the lessee shall take all necessary steps and measures enabling the natural rehabilitation of the seabed affected by production operations, including any measures as may be specified by the Central Government, from time to time;
- (m) the lessee shall comply with the provisions of Act and the rules made thereunder including rules made under section 19A and directions issued under section 21;
- (n) the lessee shall not carry on his operations in a manner that would injure any person or prejudicially affect any installations, vessels, works, property or rights of other persons and no offshore area will be used by the lessee for production operations for works or purposes not included in the production lease;
- (o) the lessee shall not interfere with any right of way in recognised sea lanes for the purposes of navigation, or any other purpose authorised by the Central Government;
- (p) the lessee shall allow reasonable facilities of access to any existing and future licencees or lessees over any area which is comprised in or adjoins or is reached by the lease area held by the lessee:

Provided that no substantial hindrance or interference shall be caused by such existing and future licencees or lessees to the operations of the lessee and fair compensation (as may be mutually agreed upon or in the

event of disagreement as may be decided by the Administering Authority) shall be paid by them to the lessee for any loss or damage sustained by the lessee by reason of the exercise of this liberty;

- (q) the lessee shall use its best efforts to avoid obstructions to or interference with any petroleum operations being carried out or proposed to be carried out by an operator, duly authorised by the appropriate government authority, within the lease area;
- (r) the Central Government, or any lessee or person authorised by it in that behalf by the Administering Authority or the Central Government, shall have the right to enter into and upon the lease area and lay upon or maintain, repair or replace, over or through the same, any pipelines, cables, or any other purpose authorised by the Central Government or the Administering Authority, as the case may be:

Provided that in the exercise of such liberty and power by such other lessee or person authorised by the Administering Authority or the Central Government, no substantial hindrance or interference shall be caused to, or with, the liberties, powers and privileges of the lessee, and fair compensation, as may be mutually agreed upon, or in the event of disagreement, as may be decided by the Administering Authority, shall be made to the lessee for all loss or damage or substantial hindrance or interference caused to the lessee by such other lessee or person authorised by the Administering Authority or the Central Government, as the case may be;

- (s) the lessee shall at his own expense, erect, maintain, display and keep in repair all notices or floaters or signage or buoys, marking the boundary of the lease area to the satisfaction of the Administering Authority and other concerned government authorities, including the Coast Guard and the Indian Navy;
- (t) the lessee shall maintain daily logs of data collected during the course of production operations on the vessel or installation whereby such operations are being carried out in the lease area and shall allow any officer authorised by the Central Government or the Administering Authority in this behalf to inspect such data logs. The lessee shall also comply with any other reporting requirements specified in the production lease;
- (u) the lessee shall make available all production data, reports, samples, including the data pertaining to number of persons engaged, geological and geophysical data relating to production fields, engineering surveys, investigation of radioactive minerals, quantum of minerals won and extracted, and other relevant information collected by him pursuant to a production operation, and shall submit to the Geological Survey of India, Administering Authority, Indian Bureau of Mines and such other authority as may be specified:
  - (i) quarterly report within thirty days of the close of the quarter;
  - (ii) annual report within sixty days of the close of the year;
  - (iii) any other reports specified in the production lease;
- (v) the lessee shall not share any data collected during the course of production operations with any third party for storage, processing or

interpretation without the prior approval of the Administering Authority;

- (w) the lessee shall make and pay such compensation as may be assessed by lawful authority in accordance with the law in force on the subject for all damage, injury or disturbance which may be caused by the lessee in exercise of the powers granted to him and shall indemnify and keep indemnified, fully and completely, the Administering Authority and the Central Government against all claims which may be made by any person or persons in respect of any such damage, injury or disturbance and all costs and expenses in connection therewith;
- (x) in case foreign domiciled entities or foreign entities or contractors, personnel, vessels or equipment are engaged or deployed, for undertaking production operations, all applicable prior approvals shall be obtained from the relevant government authorities, including any specific approvals mandated by the Central Government from time to time, and any data shall be collected and work shall be carried out under the supervision and control of Indian representatives of the lessee, who shall ensure appropriate security safeguards;
- (y) the lessee shall ensure the safety of vessels, installations or any other implements in the lease area, to the satisfaction of the Administering Authority or any other competent government authority, as the case may be;
- (z) the lessee shall ensure that data generated during the production operations, including any geological data, is processed, including by foreign entities or contractors, in India and such processed and unprocessed data may be imparted to any foreign entity only with prior approval of the Administering Authority;
- (aa) the lessee shall give at least two months advance notice before commencement of the operations to the Administering Authority, Indian Bureau of Mines and Naval Headquarters (Directorate of Naval Intelligence), Ministry of Defence, to ensure that such operations do not interfere with any Naval exercise in the area;
- (bb) the lessee shall ensure that prior to their deployment, all vessels to be deployed and installations to be erected in the lease area by the lessee or by the contracted companies, shall undergo and clear naval security inspection of the Indian Navy under the aegis of the Flag Officer Commanding-in-Chief of the concerned Naval Command and Flag Officer, Offshore Defence Advisory Group. A clear one month's notice must be given by the lessee to the aforesaid offices to facilitate such inspection and clearance;
- (cc) all vessels to be deployed for production operations by the lessee shall obtain prior clearance from the Directorate General of Shipping in terms of the relevant provisions of the Merchant Shipping Act, 1958 (44 of 1958) and the rules made thereunder;
- (dd) the lessee shall ensure that intimation regarding award of contracts to contracted companies or persons along with relevant details of the contracts, including the name of the contracted entity, duration of the contract, subject matter of the contract, nature of equipment employed and data to be collected, if any, shall be forwarded to the Naval Headquarters (Directorate of Naval Intelligence), Ministry of Defence, along with a copy to the Administering Authority, suitably in advance

of the operations by the lessee, providing six monthly long case on vessels deployment by operating companies;

- (ee) appropriate visa, and such other permissions as may be required under applicable law, shall have to be obtained from the relevant government authority for all foreign personnel on board the vessel;
- (ff) the lessee shall take all precautionary measures for safety and security of all vessels and equipment deployed for production operations and the personnel onboard;
- (gg) the lessee shall, for issuing the marine safety warnings, immediately inform the Flag Officer, Offshore Defence Advisory Group and the Administering Authority, the location indicating co-ordinates of all vessels, existing and under construction offshore installations or platforms, equipment and machinery deployed within the lease area, and thereafter its new location as and when it is shifted;
- (hh) the lessee shall send to the Directorate General of Shipping, Director General, Indian Coast Guard, Administering Authority and any other relevant government authority, without delay, a report of any accident causing death or serious bodily injury or serious injury to property or seriously affecting or endangering life or property which may occur in the course of its production operations;
- (ii) the lessee shall maintain a copy of the production plan at the vessel or installation by way of which production operations are being carried out in the lease area, or at an earmarked site;
- (jj) the lessee shall not employ, in connection with the production operations, any person who is not an Indian national except with the previous approval of the Administering Authority;
- (kk) the lessee shall allow any officer authorised by the Central Government or the Administering Authority as the case may be, to enter upon any portion of lease area to inspect the lease area at all reasonable times and shall also supply, on demand all applicable plans and sections of the lease area as also the quantity of reserves grade-wise;
- (ll) the lessee shall, unless specifically exempted by the Administering Authority, provide, and at all times keep, within the lease area or at point of discharge from the lease area and at the port of unloading or discharge in India, at which the minerals shall be brought, a properly constructed and efficient weighing or measurement system, which may be specified;
- (mm) the lessee shall weigh or measure, or cause to be weighed or measured, all the produced and dispatched minerals, from time to time, in accordance with the manner as may be prescribed under the rules framed under the Act:

Provided that the lessee shall at the close of each day ensure that the total data on production and dispatch of minerals, including all weights and measurements be entered in the books of accounts maintained by the lessee:

Provided further that the lessee shall at all times during the term of the lease, permit the Administering Authority and the Central Government to employ any person or persons to be present at the weighing or the measurement of the said minerals as aforesaid, and to keep accounts

thereof, and to check the accounts kept by the lessee. The lessee shall give seven days prior notice in writing to the Administering Authority and authorised officer of Indian Bureau of Mines for every such weighing, or measuring, in order that he or some officer on his behalf may be present thereat;

- (nn) the lessee shall at any time or times during the term of the lease, allow any person or persons appointed in that behalf by the Administering Authority or the Central Government to examine and test every weighing machine or measurement system to be provided and kept as aforesaid and the weights or systems used therewith in order to ascertain whether the same respectively are correct and in good repair and order:

Provided that if upon any such examination or testing, any such weighing machine or weights or measurement system is found incorrect, or out of order, the Administering Authority may require that the same be adjusted and put in order, by and at the expense of the lessee. If such requisition is not complied with within fourteen days after the same has been made, the Administering Authority or any person authorised by the Central Government in this behalf may not grant transit permit till such weighing machine or weights or measurement system is calibrated and put in order;

- (oo) notwithstanding the provisions of clause (nn) of sub-rule (2), if upon any such examination or testing as aforesaid, any error is discovered in any weighing machine or weights to the prejudice of the Administering Authority or the Central Government, such error shall be regarded as having existed for three calendar months prior to the discovery thereof or from the last occasion of examining and testing the same weighing machine, weights and measurement system, in case such occasion is within the said period of three months, and the lessee shall, in addition to any other penalty or civil liability which may be imposed under the Act or rules framed thereunder, pay the rent, royalty, auction premium or any such other payment as applicable, accounted for accordingly;
- (pp) if the lessee fails to carry out or perform any of its obligations hereunder or under the lease deed within the time specified in that behalf, the Administering Authority may, at its discretion, cause the same to be carried out or performed and the lessee shall pay the Administering Authority, on demand, all expenses incurred in this regard by the Administering Authority and the decision of the Administering Authority as to such expenses shall be final;
- (qq) failure on the part of the lessee to fulfil any of the terms and conditions of the Act and rules made thereunder or under the production lease shall not give the Central Government or Administering Authority any claim against the lessee or be deemed a breach of the production lease, in so far as such failure is considered by the Central Government to arise from force majeure. In the event of any delay by the lessee to fulfill any of the terms and conditions of the Act and rules made thereunder or under the production lease on account of a force majeure event, the period of such delay shall be added to the period fixed by these rules or the production lease.

In this clause the expression “force majeure” means act of God, war, insurrection, riot, civil commotion, strike, earthquake, storm, tidal

wave, flood, lightning, explosion, fire, or any other happening which the lessee could not reasonably prevent or control;

- (rr) the lessee may, after paying the rents, rates and royalties payable under the Act and rules made thereunder or under the lease deed, at the expiry or sooner termination of the lease term or within six calendar months thereafter (unless the lease is terminated for default of the lessee, and in that case at any time not less than three calendar months nor more than six calendar months after such termination) dismantle and remove for its own benefit, all or any ore mineral excavated during the term of the lease, vessels, installations, engines, machinery, pipelines, structures, equipment, platforms, and infrastructure, erections and conveniences which may have been erected, set up or placed by the lessee in or upon the lease area and which the lessee is not bound to deliver to the Central Government or which the Central Government does not desire to purchase;
  - (ss) if at the end of six calendar months after the expiry or sooner termination of the lease term there shall remain in or upon the lease area, any ore or mineral, engines, machinery, pipelines, structures, equipment, platforms, and other work, erections and conveniences or other property which are not required by the lessee, the same shall, if not removed by the lessee within one calendar month of being notified to do so by the Administering Authority, be deemed to become the property of the Central Government and may be sold or disposed of, at the cost of the lessee, in such manner as the Administering Authority or Central Government shall deem fit without liability to pay any compensation or to account to the lessee in respect thereof; and
  - (tt) the lessee shall ensure that all personnel, vessels, installations, equipment and infrastructure deployed for the purposes of production operations in the lease area shall, at all times during the term of the lease, be insured by the lessee in accordance with such regulatory requirements, as applicable under any law for the time being in force, and such other terms and conditions as may be specified by the Central Government or the Administering Authority from time to time.
- (3) The lessee shall report to the Administering Authority, the discovery in the lease area of any mineral not specified in the lease as soon as reasonably practicable, and in no event later than sixty days from the date of such discovery, and shall not win and dispose of such discovered mineral without inclusion of such discovered mineral in the production lease deed.
- (4) In addition to the conditions stipulated in sub-rule (2) of this rule, a production lease may contain such other conditions as the Administering Authority or Central Government may deem necessary in regard to the following, namely:-
- (a) the time-limit, mode and place of payment of rents and royalties;
  - (b) measures, as specified by the Central Government from time to time, pertaining to prevention and control of pollution and conservation of marine ecosystem in protected areas including, marine national parks, marine sanctuaries or any other area, as may be notified by the Central Government;
  - (c) the restriction of operations in any area prohibited by any authority;
  - (d) the notice by lessee for:
    - (i) entering into the lease area prior to commencement of

- production operations; and
- (ii) commencement of production operations;
  - (e) the provision of proper weighment of mineral dispatched;
  - (f) the reporting of accidents;
  - (g) the indemnity to Central Government or Administering Authority against claims of third parties;
  - (h) the delivery of possession of lease area on the surrender, expiration or termination of the lease;
  - (i) the forfeiture of property left after termination of the lease;
  - (j) the power to take possession of the lease area, vessels, installations and other infrastructure in the event of war or emergency; and
  - (k) any other conditions specified in the tender document for auction for grant of production lease.
- (5) The Administering Authority may, either with the previous approval of the Central Government or at the instance of the Central Government, impose such further conditions as may be necessary in the interest of conservation and development of minerals.
- (6) When a production lease is granted by the Central Government, arrangements shall be made by the Administering Authority, at the expense of the lessee, for the survey and demarcation of the lease area.
- (7) Subject to the conditions mentioned in this rule, the lessee with respect to the lease area shall have the right for the purpose of production operations on that area –
- (a) to work the mines, win and carry away the mineral;
  - (b) to sink pits;
  - (c) to erect, install or deploy, as the case may be, any vessels, platforms, equipment, installations and other infrastructure;
  - (d) to use sea water if required for production operations or transportation;
  - (e) to use any part of offshore lease area for storage purpose; and
  - (f) to do any other thing specified in the lease:
- (8) If the lessee does not allow entry, or inspection under clause (e), (f), (i), (r), (t), (kk), (mm) or (nn) of sub-rule (2), the Administering Authority shall give notice in writing to the lessee requiring him to show cause within such time as may be specified in the notice why the lease should not be terminated and the performance security submitted by the lessee be forfeited; and if the lessee fails to show cause within the aforesaid time to the satisfaction of the Administering Authority, the Administering Authority may terminate the lease and forfeit the whole or part of the performance security submitted by the lessee, and take such other action in accordance with the Act and the rules framed thereunder.
- (9) If the lessee is convicted of illegal mining and there are no interim orders of any court of law suspending the operation of the order of such conviction in appeals pending against such conviction in any court of law, the Central Government may, without prejudice to any other proceedings that may be initiated under the Act or the rules made thereunder, terminate such production lease and forfeit the performance

security submitted by the lessee, after giving such lessee an opportunity of being heard and for reasons to be recorded in writing and communicated to the lessee.

- (10) If the lessee makes any default in the payment of royalty as required under sub section (1) of section 16 or payment of fixed rent as required under sub section (1) of section 17 or contribution towards the International Seabed Authority as required under section 18 or contribution to the Offshore Areas Mineral Trust as required under sub-section (5) of section 16A or commits a breach of any of the conditions specified in sub-rules (2), (3) and (6), the Administering Authority shall give notice to the lessee requiring him to pay the royalty or fixed rent or contribution to the International Seabed Authority or to the Offshore Areas Mineral Trust to remedy the breach, as the case may be, within sixty days from the date of the receipt of the notice and if the royalty or fixed rent or contribution to the International Seabed Authority or to the Offshore Areas Mineral Trust is not paid or the breach is not remedied within the said period, the Administering Authority may, without prejudice to any other proceedings that may be initiated against him, terminate the lease and forfeit the whole or part of the performance security submitted by the lessee.

## **CHAPTER V**

### **Expiry of a Production Lease**

#### **9. Auction post expiry of a production lease.—**

On the expiry of the lease period, the lease area may be put up for auction as per the procedure specified in the Act and rules made thereunder, and the process of such auction may be commenced one year in advance of such expiry.

## **CHAPTER VI**

### **Lapse, Surrender or Termination**

#### **10. Lapsing of composite licence.—**

- (1) Where the licensee fails to commence exploration operation within one year after the grant of composite licence, or upon commencement, discontinues the operation for a period of two years, the Administering Authority shall, subject to sub-rule (1) of rule 12, by an order, declare the composite licence, as lapsed from the date of execution of the licence or, as the case may be, discontinuance of the operation, and communicate the declaration to the licensee.
- (2) The Administering Authority shall have the right to forfeit the performance security submitted by the licensee, in full or in part, upon the lapse of a composite licence.
- (3) Such licensee shall pay for any expenditure incurred by the Administering Authority, over and above the performance security, towards carrying out any protective measures or taking any necessary steps, or measures, as may be specified by the Central Government from time to time, to enable the natural rehabilitation of the seabed affected by the exploration operations.
- (4) The Administering Authority shall intimate the Indian Bureau of Mines in writing about such lapse of a composite licence.

#### **11. Lapsing of production lease.—**

- (1) Where the lessee fails to commence production operations within two years after the grant of production lease, or upon commencement, discontinues the production operations for a period of two years, the Administering Authority shall, subject to sub-rule (1) of rule 12, by an order, declare the production lease as lapsed from the

date of execution of the lease or, as the case may be, discontinuance of the operation, and communicate the declaration to the lessee.

- (2) Where production and dispatch has not commenced within four years after the execution of the lease, or is discontinued for a period of two years after commencement of production and dispatch, the Administering Authority shall, subject to sub-rule (1) of rule 12, by an order, declare the production lease as lapsed on the expiry of the period of four years from the date of its execution or, as the case may be, two years from date of discontinuance of the production and dispatch, and communicate the declaration to the lessee.
- (3) The Administering Authority shall have the right to forfeit the performance security submitted by the lessee, in full or in part, upon the lapse of a production lease.
- (4) Such lessee shall pay any expenditure incurred by the Administering Authority, over and above the performance security, towards carrying out any protective measures or taking any necessary steps, or measures, including as specified by the Central Government from time to time, to enable the natural rehabilitation of the seabed affected by the production operations.
- (5) The Administering Authority shall intimate the Indian Bureau of Mines in writing about such lapse of a production lease.

**12. Application to Administering Authority for extension of periods specified in rule 10 and rule 11.—**

- (1)
  - (a) Where a licensee is unable to commence exploration operation or upon commencement, discontinues the operation within the period specified under sub-rule (1) of rule 10,
  - (b) Where a lessee is: (i) unable to commence production operations or upon commencement, discontinues the operation within the period specified under sub-rule (1) of rule 11, or (ii) unable to commence the production and dispatch, or upon commencement, such production and dispatch is discontinued for the period specified under sub-rule (2) of rule 11 respectively,

in each case, for reasons beyond its control, it may submit an application to the Administering Authority at least three months before the expiry of such period, seeking an extension of such period duly explaining the reasons for the same:

Provided that where the licensee or the lessee has failed to make the application within such time due to the reasons beyond its control but has made application before the lapse of the composite licence, or the production lease, as the case may be, the Administering Authority may condone the delay in making such application.

- (2) Every application made under sub-rule (1) shall specify in detail:
  - (a) the reasons on account of which it was not possible for the licensee or lessee, as the case may be, to undertake explorations operations or production operations or production and dispatch, as the case may be, or continue exploration operations or production operations or production and dispatch, as the case may be;
  - (b) the manner in which such reasons were beyond the control of the licensee or lessee; and
  - (c) the steps that have been taken by the licensee or lessee to mitigate the impact

of such reasons.

- (3) Every application under sub-rule (1) shall be accompanied by a fee of rupees one lakh.
- (4) The Administering Authority shall after examining the adequacy and genuineness of the reasons for the non-commencement of exploration operations or production operations, or production and dispatch, or discontinuance thereof, as the case may be, pass an order, within a period of three months from the date of receipt of the application made under sub-rule (1) or before the date on which the composite licence or production lease, as the case may be, would have otherwise lapsed, whichever is earlier, either granting or rejecting such application:

Provided that any such extension shall not be granted for a period exceeding one year or more than once during the entire period of the composite licence or the production lease, as the case may be.

### **13. Surrender of production lease.—**

- (1) The lessee may make an application for surrender of the entire or a part area of the lease area after giving a notice in writing of not less than six calendar months from the intended date of surrender.
- (2) The Administering Authority may allow surrender of a production lease under sub-rule (1) if the following conditions are satisfied:
  - (a) any application for surrender of lease area, or part thereof, shall be accompanied by an approved final mine closure plan;
  - (b) the lessee has submitted documents to evidence implementation of the approved final mine closure plan;
  - (c) surrender of a part of the lease area shall comprise only contiguous standard blocks along the boundaries of the existing lease area and such area shall have been properly surveyed;
  - (d) all dues with respect to the production lease have been settled;
  - (e) the lessee shall deposit an amount equal to the estimated expenditure (in excess of the then existing performance security), if any, to be incurred by the Central Government or the Administering Authority as determined by the Administering Authority, towards protective measures and take all necessary steps or measures, including as specified by the Central Government from time to time, to enable the natural rehabilitation of the seabed affected by production operations in the lease area;
  - (f) that the provisions regarding systematic development of mineral deposit provided in the production plan including the measures for protection of environment have been complied with.
- (3) In case of surrender of the entire lease area before the exhaustion of the mineral resources, the performance security submitted by the lessee shall stand forfeited.
- (4) The Administering Authority may refuse to accept such surrender of the entire or a part lease area for the reasons to be communicated in writing to the lessee.
- (5) The lessee shall pay any expenditure over and above the performance security to be incurred by the Administering Authority as determined by the Administering Authority, towards carrying out any protective measures or taking any necessary steps, or measures, including as specified by the Central Government from time to

time, to enable the natural rehabilitation of the seabed affected by the production operations in the lease area which has been surrendered.

**14. Termination.–**

- (1) The Central Government, after consulting with the Administering Authority, may terminate a production lease or composite licence under provisions of sub-section (1) of section 7 or under any other appropriate provisions of any rules framed under the Act, if it is of the opinion that such termination is expedient in public interest, strategic interest of the country, in the interest of development and regulation of offshore mineral resources, preservation of natural environment and prevention of pollution, avoidance of danger to public health or communication, ensuring safety of any offshore structure or conservation of mineral resources or for any other reason.
- (2) Without prejudice to sub-rule (1) and subject to clause (aa) of sub-rule (2) of rule 7 or clause (qq) of sub-rule (2) of rule 8, as the case may be, the Central Government may terminate a composite licence or production lease, if such licensee or lessee, as the case may be, at any time during the term of the licence or lease:
  - (a) fails to fulfil, or contravenes, any of the terms, covenants and conditions contained therein or in the Act or the rules framed thereunder, or
  - (b) fails to use the offshore area covered by it for bonafide purpose for which it has been granted, or
  - (c) uses such offshore area for a purpose other than for which it has been granted, or
  - (d) fails to comply with Indian laws and regulations, international conventions or treaties to which Central Government is a party including those applicable for environmental protection, pollution control, hazardous wastes, or
  - (e) fails to abide by the directives of the Administering Authority, Central Government or concerned security agencies.
- (3) No order for premature termination of operating right under this rule shall be made except after giving the lessee or the licensee, as the case may be, a reasonable opportunity of being heard, except in cases where premature termination is being done on the grounds of strategic interest of the country.
- (4) Notwithstanding anything contained in this rule, if any failure, contravention or use referred to in sub-rule (2), is of a remediable nature, the Central Government may give notice to such person requiring him to remedy the same within sixty days from the date of receipt of the notice and informing him that his licence or lease, as may be the case, may be terminated without any further notice or demur, in case such failure, contravention or use is not remedied within such period specified above.
- (5) In the event of termination of a production lease or composite licence, the Administering Authority shall have the right to forfeit the performance security submitted by the lessee or the licensee.
- (6) The lessee or the licensee shall deposit an amount equal to the estimated expenditure (in excess of the then forfeited performance security), if any, to be incurred by the Central Government or the Administering Authority, as determined by Administering Authority, towards carrying out any protective measures or taking any necessary steps, or measures, including as specified by the Central Government from time to time, to enable the natural rehabilitation of the seabed affected by the exploration operations or production operations, as the case may be.

## CHAPTER VII

### Transfers

#### 15. Transfer of production lease or composite licence.–

- (1) The holder of a production lease or composite licence (**the transferor**) may transfer his production lease or composite licence, as the case may be, to any person eligible to hold a production lease or composite licence in accordance with section 13B of the Act and the rules made thereunder (**the transferee**) with the prior approval of the Administering Authority.
- (2) The transferor and the transferee shall, prior to the transfer, jointly submit an application to the Administering Authority in the format specified in **Schedule V**, namely the ‘transfer application’, which shall also contain details of the consideration payable by the transferee for the transfer, including the consideration in respect of the exploration operations and/or production operations already undertaken and the reports and data generated during the operations.
- (3) The Administering Authority shall, subject to approval of the Central Government, convey its decision to approve or reject such transfer for reasons to be recorded in writing:  

Provided that no such transfer of a production lease or of a composite licence shall be made in contravention of any condition subject to which the production lease or the composite licence was granted.
- (4) All transfers effected under this rule shall be subject to the condition that all dues with respect to the composite licence or the production lease, as the case may be, must be settled prior to such proposed transfer, and that the transferee has accepted all the conditions and liabilities under any law for the time being in force which the transferor was subject to in respect of such a production lease or composite licence, as the case may be.
- (5) On and from the transfer date, the transferee shall be liable towards the Administering Authority and the Central Government with respect to any and all liabilities with respect to the composite licence or the production lease, as the case may be.
- (6) The transferor and the transferee shall jointly submit a duly registered deed, in the format specified in **Schedule VI** namely the “transfer deed”, within a period of thirty days from the date of receipt of a letter of approval from the Administering Authority as specified in sub-rule (3).
- (7) If a duly registered transfer deed is not submitted to the Administering Authority in pursuance to sub-rule (6), then transfer application made under sub-rule (2) shall become ineligible.
- (8) The date of commencement of the transfer deed shall be the date on which a duly executed transfer deed is registered.
- (9) The Administering Authority shall intimate the Indian Bureau of Mines, Naval Headquarters (Directorate of Naval Intelligence), Ministry of Defence and such other authority or department as specified by the Central Government, in writing about any transfer of a composite licence or a production lease, as the case may be.
- (10) The Central Government on the recommendation of the Administering Authority may, by an order in writing terminate any production lease or composite licence, as the case may be, and forfeit the performance security, at any time if the lessee or licensee has, in the opinion of the Central Government, committed a breach of any of

the provisions of this rule or has transferred such lease or licence or any right, title, or interest therein otherwise than in accordance with this rule:

Provided that no such order shall be made without giving the lessee or licensee a reasonable opportunity of stating his case.

**16. Mutation of production lease or composite licence in favour of legal heirs on death of the lessee or licensee.–**

(1) In case of death of a lessee or licensee during the term of the lease or licence, the legal heirs may apply to the Administering Authority for mutation of their name in the lease or licence in place of the deceased lessee or licensee, as the case may be.

(2) The Administering Authority within a period of ninety days from the date of receiving such application for mutation shall enter the names of such legal heirs in the records in place of the deceased lessee or licensee or reject such mutations for the reasons to be recorded in writing:

Provided that no such mutation of name in a production lease or a composite licence shall be made in contravention of any condition subject to which such lease or licence was granted.

(3) The Administering Authority shall intimate the Indian Bureau of Mines, Naval Headquarters (Directorate of Naval Intelligence), Ministry of Defence and such other authority or department as specified by the Central Government, in writing about any mutation under this rule.

**17. Encumbrance and enforcement of security interest.–**

(1) A person holding an operating right as provided in rule 15 shall be free to create any encumbrance over the operating right.

(2) In the event of enforcement of security interest with respect to such encumbrance, the operating right shall be assigned only to such transferee who meets all the eligibility conditions which were required to be met by the transferor for grant of the operating right and in the manner as specified under rule 15:

Provided that in such cases the creditors enforcing the security interest may submit the transfer application on behalf of the transferee.

## **CHAPTER VIII**

### **Minerals Valuation**

**18. Sale Value.–**

Sale value is the gross amount payable by the purchaser as indicated in the sale invoice where the sale transaction is on an arm's length basis and the price is the sole consideration for the sale, excluding taxes and contribution to International Seabed Authority, if any.

Explanation. – For the purpose of computing sale value no deduction from the gross amount will be made in respect of fixed rent, royalty, payments to the Offshore Areas Mineral Trust.

**19. Payment of Royalty.–**

(1) Royalty shall be charged on the run-of-mine irrespective of its processing within or outside the lease area:

Provided that the royalty shall be payable at the time of dispatch from the lease area.

(2) Wherever the Act specifies that the royalty in respect of any mineral is to be paid on an ad valorem basis, the royalty shall be calculated at the specified percentage of the

average sale price of such mineral grade or concentrate, for the month of removal or consumption, as published by the Indian Bureau of Mines *minus* the amount payable towards royalty and Offshore Areas Mineral Trust, as calculated on the average sale price published by Indian Bureau of Mines.

- (3) Wherever the Act specifies that the royalty in respect of any mineral, including polymetallic nodules and crusts, is to be paid based on London Metal Exchange or London Bullion Market Association price or any other index, publication or exchange, the royalty shall be calculated at the specified percentage of the average sale price of the metal for the month as published by the Indian Bureau of Mines, for the metal contained in the ore removed or the total by-product metal actually produced, as the case may be, of such mineral for the month:

Provided that deduction of amount payable towards royalty and Offshore Areas Mineral Trust as stipulated under sub-rule (2) shall not be applicable for minerals covered under this sub-rule.

- (4) Wherever the Act specifies that the royalty of any mineral is to be paid on tonnage basis, the royalty shall be calculated as product of mineral removed or consumed from the lease area and the specified rate of royalty.

**20. Provisional Assessment and Adjustment.–**

- (1) At the time of removal or consumption of mineral from the lease area, the lessee shall calculate the amount of royalty and payments to the Offshore Areas Mineral Trust based on the latest available average sale price of the said mineral grade and pay the same to the Central Government as provisional payment for the same.
- (2) After the publication of the average sale price of the minerals for the month by the Indian Bureau of Mines, due adjustment of the actual amounts payable against the provisional payment may be made.

**21. Royalty chargeable on dry basis.–**

The royalty shall be chargeable on the weight of the mineral removed, measured on dry basis.

**22. Computation of average sale price .–**

- (1) The ex-mine price shall be used to compute average sale price of mineral grade or concentrate.
- (2) The ex-mine price of mineral grade or concentrate shall be:
- (a) where export has occurred, the free-on-board (F.O.B.) price of the mineral less the actual expenditure incurred beyond the lease area towards transportation charges by sea, road, loading and unloading charges, railway freight (if applicable), port handling charges/export duty, charges for sampling and analysis, rent for the plot at the stocking yard, handling charges in port, charges for stevedoring and trimming, any other incidental charges incurred outside the lease area as notified by the Indian Bureau of Mines from time-to-time, divided by the total quantity exported.
- (b) where domestic sale has occurred, sale value of the mineral less the actual expenditure incurred towards transportation, loading, unloading, rent for the plot at the stocking yard, charges for sampling and analysis and any other charges beyond the lease area as notified by the Indian Bureau of Mines from time-to-time, divided by the total quantity sold.
- (c) where sale has occurred, between related parties and/ or where the sale is not on arms' length basis, or where the mineral has been used for its own consumption by the lessee, then such sale shall not be recognised as a sale for the purpose of

this rule:

Provided that where no declaration for sale between related parties and/or for sale not on arms' length basis or for own consumption has been made by the lessee or subsequently and before publication of average sale price for that month, such declaration is discovered to be factually incorrect or misrepresented, such quantity of mineral shall be considered as sold and the latest available average sale price published monthly by the Indian Bureau of Mines for that mineral grade or concentrate shall be considered as the ex-mine price for this quantity.

- (d) where sale has not occurred, the latest available average sale price published monthly by the Indian Bureau of Mines for that mineral grade or concentrate.
- (3) The average sale price of any mineral grade or concentrate in respect of a month shall be the weighted average of the ex-mine prices computed in accordance with the above provisions, the weight being the quantity dispatched from the lease area of mineral grade or concentrate relevant to each ex-mine price.

**23. Publication of average sale price.—**

The Indian Bureau of Mines shall publish the average sale price of each mineral grade or concentrate removed from the lease area in a month within thirty days from the due date for filing the monthly returns as may be required under the Offshore Mineral Conservation and Development Rules, 2024.

**24. Average sale price of metal.—**

The Indian Bureau of Mines shall publish every month, the average sale price of the metals, elements or their compounds in Indian Rupees, whose prices are available in London Metal Exchange or London Bullion Market Association or any other reputed publication, exchange or index, as may be specified by the Central Government, in the following manner, namely:—

- (a) In case daily price is available, such price available during all the days of the month shall be multiplied by the reference rate, for the day, of the Reserve Bank of India or any other agency authorised by such bank, for the currency in which the price is obtained.
- (b) In case price is not available on daily basis, but available on weekly basis, such weekly prices published in a month shall be multiplied by, the reference rate of the Reserve Bank of India or any agency authorised by such bank, for the currency in which the price is obtained, for the day of publication of such weekly price.
- (c) In case price is not available on daily or weekly basis, but available on monthly basis, such monthly price shall be multiplied by the monthly average of the reference rate of the Reserve Bank of India or any agency authorised by such bank, for the currency in which the price is obtained.
- (d) Where the Reserve Bank of India reference rate is not available for any day on which the price of publication, exchange or index is available, the Reserve Bank of India reference rate for the immediately preceding day shall be used.
- (e) The Central Government may specify any conversion factor to be applied for certain ore or compound of a metal or element for arriving at monthly average sale price of a metal or element on case to case basis, which shall be used by the Indian Bureau of Mines to publish the average sale price.

**25. Average sale price of polymetallic nodules and crusts.—**

The average sale price of polymetallic nodules and crusts shall be the sum of percentage of

individual element contained in the polymetallic nodules and crusts multiplied by average sale price of that element or metal as published by the Indian Bureau of Mines based on London Metal Exchange or London Bullion Market Association price or any other index, publication or exchange as per the following formula:

$$\text{Average sale price} = \sum (Q_i \times P_i)$$

Where:

$Q_i$  = Percentage of  $i^{\text{th}}$  element or metal in the polymetallic nodules and crusts

$P_i$  = Average sale price of  $i^{\text{th}}$  element or metal in the polymetallic nodules and crusts

Provided that, where average sale price of relevant element or metal is not published by the Indian Bureau of Mines under these rules, the average sale price of the highest grade of ore of such element or metal published under the Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016 and Mines and Minerals (Development and Regulation) Act, 1957 shall be considered:

Provided further that, elements to be included for calculation of average sale price shall be notified by the Indian Bureau of Mines for a mine or a group of mines. Indian Bureau of Mines shall notify only such elements which contribute five percentage or more weightage by value to the calculation of average sale price.

**26. Power to issue directions by Controller General.–**

The Controller General, Indian Bureau of Mines may issue necessary directions, as and when required, to give effect to the provisions of this chapter.

## **CHAPTER IX**

### **Payments**

**27. How the fees and deposit to be made.–**

Any amount payable under the Act or the rules made thereunder, shall be paid in such manner as the Central Government may specify in this behalf.

**28. Payment of interest.–**

The Controller General, Indian Bureau of Mines may, without prejudice to the provisions contained in the Act or rules made thereunder, charge simple interest at the rate of twelve per cent per annum on any rent, royalty or fee or other sum due to the Central Government under the Act or rules made thereunder or terms and conditions of composite licence or production lease from the expiry of the date fixed by the Administering Authority or Central Government, as the case may be, for payment of such royalty, rent, fee or other sum and until payment of such royalty, rent, fee or other sum is made.

**29. Payments under section 16A and section 18.–**

In addition to the payments specified herein, the holder of a production lease shall be required to pay monies to the Offshore Areas Mineral Trust and International Seabed Authority in accordance with the provisions of section 16A and section 18 respectively, and the rules in relation thereto framed under the Act.

**30. Payments under rule 13 of the Offshore Areas Mineral (Auction) Rules, 2024.–**

In addition to the payments specified in this chapter, the holder of a production lease shall be required to pay the auction premium to the Central Government, on a monthly basis, on the average sale price of the mineral grade or concentrate published by Indian Bureau of Mines

for the relevant month *minus* the amount payable towards royalty and Offshore Areas Mineral Trust, as calculated on the average sale price published by Indian Bureau of Mines:

Provided that deduction of amount payable towards royalty and Offshore Areas Mineral Trust shall not be applicable for minerals, including polymetallic nodules and crusts, for which average sale price is published on basis of London Metal Exchange or London Bullion Market Association price or any other index, publication or exchange.

## CHAPTER X

### Penalty

#### 31. Penalty.–

Any contravention of rules 7, 8, 13(5), 14(6), 15, 17, 20, 29, 30, 39, 40, 41 and 43 shall be punishable with imprisonment for a term which may extend to five years or with fine of rupees fifty lakhs, which may extend to rupees one crore, or with both, and in the case of a continuing contravention, with additional fine which may extend to rupees five lakh for every day during which such contravention continues after conviction for the first such contravention.

## CHAPTER XI

### Appeals

#### 32. Application for appeal.–

(1) Any person aggrieved by any order made by the Administering Authority or any officer in exercise of the powers conferred on it by the Act or any rules made thereunder or delegated by the Central Government may, within three months of the date of communication of the order to him prefer an appeal to the Central Government, in triplicate, in **Schedule VII**:

Provided that any such appeal may be entertained after the said period of three months if the appellant satisfies the Central Government that he had sufficient cause for not preferring the appeal within time.

- (2) The appeal shall be accompanied by a fee of rupees ten thousand payable either by way of a bank draft drawn on a Scheduled Bank in the name of “Pay and Accounts Officer, Ministry of Mines” payable at New Delhi or by any other mode of payment specified by the Central Government.
- (3) Every appeal made under sub-rule (1) shall be made only after impleading all the necessary parties and serving a copy of the memorandum of appeal on such parties by way of advance service and furnish proof thereof.
- (4) The appellant shall, along with the memorandum of appeal under sub-rule (1), submit as many copies thereof as may be specified by the Central Government.
- (5) On receipt of the memorandum of appeal, the Central Government shall send a notice to each of the parties impleaded under sub-rule (3) specifying a date on or before which he may make his representations, if any, against the appeal.
- (6) The Central Government shall be empowered to specify any applicable procedures or requirements for deciding appeals under this rule.

#### 33. Orders on appeal.–

(1) On receipt of a memorandum of appeal under rule 32, the Central Government shall forward the copies of such memorandum of appeal to the Administering Authority or other authority calling upon them to make such comments as they may like to make within three months from the date of issue of the communication, and the

Administering Authority or other authority, while furnishing comments to the Central Government shall simultaneously endorse a copy of the comments to the other parties.

- (2) Other parties may make such further comments as they may like to any comments received from any party under sub-rule (1), within one month from the date of receipt thereof and the parties making further comments shall send them to all the other parties and the Central Government.
- (3) The application for appeal, the communications containing comments and counter comments referred to in sub-rules (1) and (2) shall constitute the records of the case.
- (4) After considering the records referred to in sub-rule (3), and after giving the parties to the appeal a reasonable opportunity of being heard and after making such inquiry as it deems proper, the Central Government may confirm, modify or reverse the order appealed against or send back the case with such directions as it may deem fit for a fresh order after taking additional evidence, if necessary.
- (5) Pending the final disposal of an appeal, the Central Government may, for sufficient cause, stay the execution of the order against which an appeal has been preferred.

## **CHAPTER XII**

### **Repeal and Saving**

#### **34. Repeal and saving.—**

- (1) On the commencement of these rules, the Offshore Areas Mineral Concession Rules, 2006 shall cease to be in force with respect to all minerals for which the Offshore Areas Operating Right Rules, 2024 are applicable, except as regards things, done or omitted to be done before such commencement.
- (2) On the commencement of these rules, with respect to the minerals to which these rules apply, any reference to the Offshore Areas Mineral Concession Rules, 2006 in the rules made under the Act or any other document shall be deemed to be replaced with Offshore Areas Operating Right Rules, 2024, to the extent it is not repugnant to the context thereof.

## **CHAPTER XIII**

### **Miscellaneous**

#### **35. Amalgamation of leases.—**

The Central Government may, in the interest of mineral development and with reasons to be recorded in writing, permit amalgamation of two or more adjoining leases held by a lessee:

Provided that the period of amalgamated leases shall be co-terminus with the lease whose period will expire first.

#### **36. Power to rectify apparent mistakes.—**

Any clerical or arithmetical mistake in any order passed by the Central Government or the Administering Authority or any other authority or officer under these rules and any error arising therein due to accidental slip or omission, may, within two years from the date of the order, be corrected by such Government, authority or officer, as the case may be:

Provided that no rectification order prejudicial to any person shall be passed unless such person has been given a reasonable opportunity of being heard.

#### **37. List of operating rights, copies of licences and leases and annual returns to be supplied to other authorities.—**

- (1) Upon grant of any operating right, a list containing the details of the offshore areas for which such operating right has been granted by the Central Government shall be furnished by the Administering Authority to the ministries and departments as specified under sub-rule (2) of rule 5.
- (2) A copy of every lease or licence granted under the Act and rules made thereunder shall be supplied by the Administering Authority within two months of such grant to the Controller General, Indian Bureau of Mines and the Director General, Directorate General of Mines Safety.
- (3) A consolidated annual return of all leases and licences granted under the Act and rules made thereunder shall be supplied by the Administering Authority to the Controller General, Indian Bureau of Mines in such form as may be specified by him, not later than the 30<sup>th</sup> day of June following the year to which the return relates, a copy of which shall also be supplied by the Administering Authority to the Director General, Directorate General of Mines Safety at the same time.

**38. Registers relating to operating rights.–**

A register of operating rights granted by the Central Government shall be maintained by the Administering Authority in the format specified in **Schedule VIII**.

**39. Supply of certain information to the new operating right holder.–**

Where any area has previously been held under an operating right, the person who was granted such operating right shall make available to the new operating right holder the original or certified copies of all plans, including abandoned workings, in that area.

**40. Change of name, nationality, etc. to be intimated.–**

- (1) The licensee or lessee shall intimate to the Administering Authority within sixty days any change that may take place in its name, nationality, registered office and details of majority owners or other particulars furnished to the Administering Authority.
- (2) If licensee or lessee fails without sufficient cause to furnish the information referred to in sub-rule (1), the Central Government may impose a fine of five lakhs rupees which may extend to ten lakh rupees and in the case of continued contravention of the provisions of sub-rule (1) the Central Government may terminate the operating right and forfeit the performance security:

Provided that no such order shall be made without giving the licensee or the lessee, as the case may be, a reasonable opportunity of stating his case.

**41. Geophysical data to be supplied to the Geological Survey of India and the Department of Atomic Energy.–**

- (1) An operating right holder shall furnish-
  - (a) all geophysical data relating to exploration or production or engineering such as anomaly maps, sections, plans, structures, contour maps, logging collected by him during the course of exploration operations or production operations, to the Director General, Geological Survey of India and any other authority as may be specified by the Central Government.
  - (b) all information pertaining to incidental investigations of atomic minerals discovered and stored by him during the course of exploration operations or production operations to the Director, Atomic Minerals Directorate for Exploration and Research, Hyderabad, and as may be specified by the Central Government.
- (2) Data or information referred to in sub-rule (1) shall be furnished every year reckoned from the date of commencement of the period of the operating right.

**42. Confidentiality of exploration data.–**

- (1) While submitting reports under clause (f) of sub-rule (2) of rule 7, the licensee may specify that the whole or any part of the reports and data submitted by him shall be kept confidential, and the concerned authorities shall thereupon, keep such portions of the submitted reports and data as confidential as may be deemed fit:

Provided that if the licensee fails to apply for a production lease within the time period stipulated in sub-section (6) of section 12, or if an application for production lease is submitted by the licensee is rejected by the Central Government or the Administering Authority, or upon termination or expiration of the composite licence, or abandonment of operations or surrender of excess area in accordance with the first proviso to sub-rule (7) of rule 18 of the Offshore Areas Mineral (Auction) Rules, 2024, all reports and data submitted by the said licensee shall become the sole property of the Central Government.

- (2) While submitting reports under clause (u) of sub-rule (2) of rule 8, the lessee may specify that the whole or any part of the reports and data submitted by him shall be kept confidential, and the concerned authorities shall thereupon, keep such portions of the submitted reports and data as confidential as may be deemed fit:

Provided that upon termination or expiration or surrender or abandonment of the production lease, all reports and data submitted by the said lessee shall become the sole property of the Central Government.

**43. Discovery of new minerals.–**

- (1) Notwithstanding anything contained in the rules, the exploration operations or production operations shall be subject to following conditions:

- (a) if a lessee or licensee discovers any mineral (including any atomic mineral) in the lease or licence area which is not specified in the lease or licence, the discovery of such mineral shall be reported to the Administering Authority or, in the case of any atomic mineral, to the Director, Atomic Minerals Directorate for Exploration and Research, Hyderabad and Secretary, Department of Atomic Energy, Mumbai, as soon as practically possible, but in no case later than sixty days from the date of discovery of such mineral:

Provided that consequent upon such reporting, the lessee or licensee may subject to clause (b), apply for inclusion of such newly discovered mineral in the production lease or composite licence to the concerned authority mentioned at clause (a) of sub-rule (1), and subject to the receipt of approval of the concerned authority, such mineral shall be included in the production lease or composite licence, as the case may be, except for the minerals to which these rules do not apply:

Provided further that the Administering Authority shall obtain previous approval of the Central Government before approving inclusion of such newly discovered mineral in the composite licence or production lease.

- (b) the lessee or licensee shall not win and dispose of any atomic mineral having grade equal to, or more than the threshold value in respect of atomic minerals, so discovered, and the same shall be dealt with in the manner prescribed in the rules made under clause (c) of sub-section (2) of section 35:

Provided, however, that in case the lessee or licensee is the Government, or a Government company or a corporation, the said lessee or licensee shall, upon discovery of an atomic mineral having grade equal to or more than the threshold value in respect of atomic minerals, apply to the Secretary,

Department of Atomic Energy, Mumbai, through the Administering Authority, for grant of a lease or licence to handle such minerals under the provisions of the Atomic Energy Act, 1962 (33 of 1962) and the Act, including the rules made thereunder. The Department of Atomic Energy shall intimate the Administering Authority regarding any issue of a lease or licence, as the case may be, in this regard.

- (c) the quantities of atomic minerals recovered incidental to such exploration operations or production operations shall be collected and stored separately and a report to that effect shall be sent to the Secretary, Department of Atomic Energy, Mumbai and the Director, Atomic Minerals Directorate for Exploration and Research, Hyderabad every three months for such further action by the lessee or licensee as may be directed by the Atomic Minerals Directorate for Exploration and Research or the Department of Atomic Energy.
- (d) the licensee or lessee shall, if encountered during exploration operations or productions operations, as the case may be, in the licence area or the lease area, report indications of any form of mineral oil, namely, oil, gas, gas hydrate, oil sands or any other hydrocarbon compound, to the Administering Authority within a period of sixty days from the date of such encounter, who in turn shall pass on the information to the Secretary, Ministry of Petroleum and Natural Gas.

**44. Incidental mineral extraction.–**

- (1) Notwithstanding anything contained in these rules or any other rules framed under the Act, any person whose operations or activities may result in incidental mineral extraction shall:
  - (a) give an intimation to the Administering Authority thirty days prior to commencement of any such operations or activities;
  - (b) obtain approval of the Administering Authority prior to removal or consumption of any mineral from its authorised area:

Provided that no approval shall be required in case, removal of any mineral is done for the purpose of maintenance of ports or installation of any infrastructure or any such activity and the mineral thus removed is not being sold or consumed.
- (2) The intimation under clause (a) of sub-rule (1) shall include the following:
  - (a) name of the infrastructure project or other works to be undertaken and the date of commencement of such projects or works and duration thereof; and
  - (b) copy of work order/ concession agreement issued by appropriate authority;
- (3) The application for approval under clause (b) of sub-rule (1) shall include the following:
  - (a) details pertaining to the nature of infrastructure project or other works to be undertaken and the date of commencement of such projects or works and duration thereof;
  - (b) copy of work order/ concession agreement issued by appropriate authority;
  - (c) proposed quantity and minerals for which such application is being made;
  - (d) proposed plan for removal or consumption of any mineral from its authorised area; and

- (e) report of a National Accreditation Board for Testing and Calibration Laboratories accredited laboratory on the composition of such mineral.
- (4) On receipt of application, the Administering Authority may grant its approval for removal or consumption of such mineral subject to such terms and conditions as it may specify:
- Provided that the Administering Authority may seek such additional information or data as it may require including a no-objection from Atomic Minerals Directorate for Exploration and Research, Hyderabad.
- (5) In case it is found that the mineral pursuant to incidental mineral extraction contains any atomic mineral, such person shall not be permitted to remove or consume such minerals, and the same shall be dealt with in the manner as directed by the Secretary, Department of Atomic Energy, Mumbai.
- (6) Any mineral removed or consumed by such person pursuant to incidental mineral extraction shall be subject to payment of applicable royalty in the manner as specified by the Administering Authority or the Central Government, from time to time:
- Provided that no royalty shall be payable in case, removal of any mineral is done for the purpose of maintenance of ports or installation of any infrastructure or any such activity and the mineral thus removed is not being sold or consumed.
- (7) The Central Government shall at all times have the right of pre-emption of the minerals extracted pursuant to incidental mineral extraction.

**45. Lease period for more than one mineral in an area.—**

Where more than one mineral is found in an area granted through auction, the period of lease for all minerals shall be co-terminus with that for which the lease was originally granted.

**46. When day of completion of any requirement is a public holiday.—**

When the day of completion of any requirement under these rules is falling due on a public holiday, the day of completion shall be deemed to be due on the next working day.

Explanation.—The expression ‘public holiday’ includes Saturday, Sunday and any other day declared to be a public holiday by the Central Government.

**47. Boundaries below the sea level.—**

The boundaries of a composite licence or a production lease shall be indicated by the longitudes and latitudes and shall run vertically downwards below the sea surface towards the centre of the earth.

**48. Governing law and dispute resolution.—**

- (1) Any licence or lease granted under the Act and any provisions of these rules, including all questions of their interpretation, shall be construed in accordance with the laws of India.
- (2) Subject to the provisions contained in section 28, the courts at New Delhi shall have exclusive jurisdiction over any disputes arising under any licence or lease granted under the Act.

## **SCHEDULE – I**

(See rule 7(1))

### **FORMAT OF EXPLORATION LICENCE**

This deed for grant of an exploration licence of composite licence (“**Licence**”) is made by and between the following:

#### **PARTIES:**

- 1 **President of India**, acting through Ministry of Mines (the “**Central Government**”) represented by the Administering Authority.

AND

- 2 [Name of the Licencee] incorporated in India under the Companies Act, 2013 with Corporate Identity Number [CIN], whose registered office is at [address of registered office], India and principal place of business is at [address of principal place of business, if different from registered office] **OR** [an individual who is a citizen of India, having income tax permanent account number [number], residing at [address] **OR** [persons listed in Schedule A organised as a [firm/association of persons] in the name of [name of the firm or association of individuals], all of whom are Indian citizens and resident in India] (the “**Licencee**”).

#### **BACKGROUND:**

- A. The Licencee had participated in an electronic auction for grant of a composite licence for [insert details of licence area], as more specifically described in Schedule B, pursuant to which the Licencee has become eligible for grant of a composite licence and the Licencee has completed the requirements under the Offshore Areas Mineral (Development and Regulation) Act, 2002 (“**Act**”) and the rules made thereunder for grant of a composite licence.
- B. Accordingly, the Central Government is now executing this Licence for grant of a Licence to the Licencee in consideration of the fee, royalties, covenants and agreements hereinafter reserved and contained on the part of the Licence to be paid, observed and performed.

#### **1. DEFINITIONS**

The expressions used in this Licence shall have the same meaning as ascribed to them under the Act and the rules made thereunder.

#### **2. GRANT OF LICENCE**

The Central Government hereby grants the Licence to the Licencee over an area described in Schedule B (“**Licence Area**”) for conducting exploration operations for a period of 3 (three) years, commencing from the date of the registration of the duly executed licence deed with respect to the following mineral(s), [name of the minerals].

### 3. RIGHTS AND OBLIGATIONS

- 3.1. The rights and obligations of the Central Government and the Licencee shall be as specified in the Act and the rules made thereunder, including, without limitation, the Offshore Areas Operating Right Rules, 2024.
- 3.2. Without prejudice to the generality of the foregoing,
- (a) the Licencee shall:
- (i) at all times comply with the provisions of the Act, the rules made thereunder and any other applicable law;
  - (ii) make prompt payment of royalty and any charges or other payment required to be made by the Licencee;
  - (iii) pay such compensation as may be assessed by lawful authority in accordance with the law in force on the subject for all damage, injury, or disturbance which may be done by the Licencee in exercise of the powers granted by this Licence and to indemnify and keep indemnified fully and completely the Central Government and Administering Authority against all claims which may be made by any person or persons in respect of any such damage, injury or disturbance and all costs and expenses in connection therewith;
  - (iv) take all necessary steps and measures for enabling the natural rehabilitation of the seabed affected by exploration operations, including any measures as may be specified by the Central Government from time to time;
  - (v) without delay send to the Directorate General of Shipping, Director General, Indian Coast Guard, Directorate General of Mine Safety, Administering Authority and any other relevant government authority, a report of any accident causing death or serious bodily injury or serious injury to property or seriously affecting or endangering life or property which may occur in the course of the operations under this Licence;
  - (vi) weigh or measure, or cause to be weighed or measured upon some part of the Licence Area, all minerals, from time to time won from the Licence Area, with [seven days] prior notice in writing being given to the Administering Authority and authorised officer of Indian Bureau of Mines for every such weighing or measuring in order that he or some person on his behalf may be present thereat;
  - (vii) pay stamp duty and registration charges as may be applicable in respect of this Licence;
  - (viii) enter in the Licence Area and carry out exploration operations for minerals specified in this deed in accordance with the provisions of the Act and the rules framed thereunder;
  - (ix) work and carry on the operations hereby licenced in a fair, orderly, skillful and workman-like manner, and with as little damage as may be to the seabed, vessels, structures or properties and the marine life, including the fishery resources, as possible;
  - (x) comply with the provisions of the Act and the rules made thereunder including rules made under section 19A and directions issued under section 21;
  - (xi) submit to the Geological Survey of India, Administering Authority, Indian Bureau of Mines and such other authority as may be specified:

- (a) a quarterly report of the work done by the Licencee stating the number of persons engaged and disclosing in full the geological, geophysical, or other data collected during the period. The report shall be submitted within thirty days of the close of the quarter to which it relates;
- (b) an annual report, containing the full details of the work done by the Licencee and disclose all information acquired by the Licencee in the course of the operations carried on under this Licence regarding the geology and mineral resources of the area covered by the Licence. The report shall be submitted within sixty days of the close of the year to which it relates:

Provided that, subject to provisions of the Act and the rules framed thereunder, the Licencee may specify that the whole or any part of reports and data furnished pursuant to this sub-clause shall be kept confidential, and the concerned authorities shall thereupon, keep such portions of the submitted reports and data as confidential as may be deemed fit:

Provided further that if the Licencee fails to apply for a production lease within the time period stipulated in sub-section (6) of section 12 or if an application for production lease preferred by the Licencee is rejected by the Central Government or the Administering Authority, or upon termination or expiration of the Licence or abandonment of exploration operations or surrender of excess area in accordance with the first proviso to sub-rule (7) of rule 18 of the Offshore Areas Mineral (Auction) Rules, 2024, whichever is earlier, all reports and data submitted by the said Licencee shall become the sole property of the Central Government.

- (xii) submit to the Central Government, at any time before the performance security is returned to it or transferred to any other account, or within three months after the termination or expiration of the Licence, or abandonment of the exploration operations, or surrender of excess area in accordance with the first proviso to sub-rule (7) of rule 18 of the Offshore Areas Mineral (Auction) Rules, 2024 whichever is earlier, a full report of the work done by the Licencee, and disclose all information acquired by the Licencee in the course of the exploration operations carried on under this Licence regarding the geology and mineral resources of the Licence Area:

Provided that, subject to provisions of the Act and the rules framed thereunder, the Licencee may specify that the whole or any part of the full report and data submitted by him shall be kept confidential, and the Central Government shall thereupon keep such portions of the submitted reports and data as confidential as may be deemed fit:

Provided further that if the Licencee fails to apply for a production lease within the time period stipulated in sub-section (6) of section 12 or if an application for production lease preferred by the Licencee is rejected by the Central Government or the Administering Authority, or upon termination or

expiration of the Licence or abandonment of exploration operations or surrender of excess area in accordance with the first proviso to sub-rule (7) of rule 18 of the Offshore Areas Mineral (Auction) Rules, 2024, whichever is earlier, all exploration data submitted by the said Licencee shall become the sole property of the Central Government;

- (xiii) ensure that the equipment/vessels deployed for the purpose are so placed, marked, buoyed and lighted as not to constitute danger to shipping;
  - (xiv) ensure that no interference is caused to any right of way in any recognised sea lanes for the purposes of navigation, or for any other purpose authorised by the Central Government;
  - (xv) take all practical measures including the provision of appropriate equipment to ensure that no liquid waste is discharged or escapes into the sea as a result of the exploration operations in the sea bed and subsoil of the area and in the case of such escape or discharge, to take all reasonable steps to stop or reduce the same and to prevent the pollution of the sea by liquid waste; and
  - (xvi) take measures, as specified by the Central Government from time to time, pertaining to prevention and control of pollution and conservation of marine ecosystem in protected areas including marine national parks, marine sanctuaries or any other area, as may be notified by the Central Government.
- (b) the Central Government shall:
- (i) have the right, at all times to enter into and upon and to grant or demise to any person or persons whomsoever, liberty to enter into and upon the Licence Area for all or any purposes other than those for which sole rights and Licence are hereby expressly conferred upon the Licencee, including without limitation, to deploy on, over or through the Licence Area such vessels, equipment, platforms, pipelines, telecommunication cables and other such implements, as shall be considered necessary or expedient for any purposes, and to obtain from and out of the Licence Area such stone, earth or other materials as may be necessary or requisite for deploying, repairing or maintaining such vessels, equipment, platforms, pipelines, telecommunication cables and other such implements, to pass and repass at all times over such area for all purposes and as occasion shall require;
  - (ii) have the right to appropriate any performance security provided by the Licencee in accordance with terms of such performance security and require the Licencee to replenish the performance security. In case the performance security has been provided through a security deposit, after termination of the Licence and fulfilment of all obligations of the Licencee, such security deposit shall be returned to the Licencee after appropriate deductions. It is clarified that the security deposit shall not carry any interest;
  - (iii) have the right to carry out or perform any work or matters which in accordance with the covenants in that behalf are to be carried out or performed by the Licencee, but have not been so carried out or performed within the time specified in that behalf, and the Licencee shall pay the

Central Government on demand all expenses which shall be incurred in carrying out or performance of the same;

- (iv) have power to authorise any other licensee/lessee or person in its behalf to enter into and upon the Licence Area and to search for, dig, raise and carry away petroleum and natural gas and for these purposes to sink, drive, erect, construct, maintain and use such plant, installations, pipeline, waterways, engines, machinery and conveniences as may be deemed necessary:

Provided that in the exercise of such power no substantial hindrance or interference shall be caused to the rights of the Licensee under these presents and that fair compensation (as may be mutually agreed upon or in the event of disagreement as may be decided by the Administering Authority) shall be paid by such licensee/lessee or such other person to the Licensee for any loss or damage sustained by the Licensee by reason of the exercise of this power by the Central Government; and

- (v) have the power to grant and demise to any other licensee or lessee or operator duly authorised by the appropriate government authority the power to enter into and upon the said areas and to lay pipelines or install pumping station for the purposes of extracting petroleum or natural gas by such licensee or lessee or operator duly authorised by the appropriate government authority and the Licensee shall use its best efforts to avoid obstructions to or interference with any petroleum operations being carried out or proposed to be carried out by such person within the Licence Area.

- 3.3. If the Central Government is desirous of exercising its right of pre-emption with respect to any mineral(s), the Central Government shall pay the average sale price of such minerals as published by Indian Bureau of Mines prevailing at the time of pre-emption.
- 3.4. In the event of the existence of a state of war or emergency (of which existence the President of India shall be the sole judge and a notification to this effect in the Gazette of India shall be conclusive proof) the Central Government shall from time to time and at all times during the said term have the right (to be exercised by a notice in writing to the Licensee) to forthwith take possession and control of the vessels, installations, platforms, pipelines, plant, machinery, equipment and premises of the Licensee on or in connection with the Licence Area or the operations under this Licence and during such possession or control, the Licensee shall conform to and obey all directions given by or on behalf of the Central Government regarding the use of employment of such vessels, installations, platforms, pipelines, plants, machinery, equipment, premises and minerals, provided that fair compensation, which shall be determined in default of agreement by the Central Government shall be paid to the Licensee for all loss or damage sustained by him/them by reason or in consequence of the exercises of the powers conferred by this clause and provided also that the exercise of such power shall not terminate the said term hereby granted or affect the terms and provisions of this clause.
- 3.5. Every notice required to be given to the Licensee shall be given in writing to such person as may be nominated by the Licensee and such nomination shall be informed

to the Administering Authority in writing. If no such nomination is made then the notice shall be sent to the Licencee by registered post/ speed post/ e-mail addressed to the Licencee at the address shown in the application for the Licence or at such other address in India as the Licencee may designate from time to time and every such service shall be deemed to be proper and valid service upon the Licencee and shall not be questioned or challenged by him.

- 3.6. If in any event the orders of the Administering Authority are revised, reviewed or cancelled by the Central Government in pursuance of proceedings under the Offshore Areas Operating Right Rules, 2024, the Licencee shall not be entitled to compensation for any loss sustained by the Licencee in exercise of the powers and privileges conferred upon the Licencee by these presents.

**4. FORCE MAJEURE**

- 4.1. In this clause the expression “force majeure” means act of God, war, insurrection, riot, civil commotion, strike, earthquake, storm, tidal wave, flood, lightning, explosion, fire, or any other happening which the Licencee could not reasonably prevent or control.
- 4.2. Failure on the part of the Licencee to fulfil any of the terms and conditions of this Licence shall not give the Central Government any claim against the Licencee or be deemed a breach of this Licence, in so far as such failure is considered by the Central Government to arise from a force majeure event, and if the fulfilment by the Licencee of any of the terms and conditions of this Licence be delayed from force majeure, the period of such delay shall be added to the period fixed by this Licence.
- 4.3. The Administering Authority or the Central Government shall not be liable in any manner, whatsoever, to the Licencee in respect of any loss relating to, or arising out of, the occurrence or existence of any force majeure event.

**5. GOVERNING LAW**

This Licence and all questions of its interpretation shall be construed in accordance with the laws of India. Subject to the provisions contained in section 28, the courts at New Delhi shall have exclusive jurisdiction over disputes arising under this deed.

In witness whereof there presents have been executed at the [name of place] on [date].

**SCHEDULE A – LIST OF PERSONS <sup>1</sup>**

S. No	Name	PAN Number	Address

**SCHEDULE B: AREA OF EXPLORATION LICENCE**

(Description of offshore area, including latitudes and longitudes, to be provided.)

<sup>1</sup> To be deleted if the Licencee is not an association of individuals

**SCHEDULE – II**  
(See rule 7(2)(a))

**MAXIMUM QUANTITIES OF ORES AND MINERALS REMOVABLE FROM  
LICENCE AREA**

<b>Class</b>	<b>Mineral</b>	<b>Quantities that can be carried away without any payment</b>	<b>Maximum quantity that can be carried away by payment of royalty</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>
Class - I	Silica sand, Calcareous sands, Lime mud	5 tonnes	200 tonnes
Class - II	Phosphatic sediment, Polymetallic nodules, manganese nodules, cobalt rich encrustation, phosphatic nodules minerals of rare earths group.	5 tonnes	200 tonnes
Class - III	All other minerals not specified above	3 tonnes	200 tonnes

### SCHEDULE – III

(See rule 8(1))

#### FORMAT OF APPLICATION BY HOLDER OF COMPOSITE LICENCE FOR GRANT OF PRODUCTION LEASE

To  
[Address]

I/We request that a production lease under these rules be granted to me/us.

S.No. (1)	Item Detail (2)	Particulars (3)
1.	Name of applicant with address (In case of a firm or other association of individuals, provide names of each person constituting the firm or the association of individuals, as the case may be.)	
2.	Address of the applicant (In case of a firm or other association of individuals, provide addresses of each person constituting the firm or the association of individuals, as the case may be.)	
3.	Status of the applicant <ul style="list-style-type: none"><li>• Individual</li><li>• Firm</li><li>• Other association of individuals</li><li>• Company</li></ul>	
4.	Composite licence number	
5.	Date of registration of exploration licence deed of composite licence and the date of expiry	
6.	Application fee payable (to be calculated at the rate of rupees five lakh per standard block.)	
7.	Name of bank, demand draft or challan number with date, through which application fee has been paid.	
8.	Mineral (s) for which the production lease is being applied for	
9.	Extent of the area for which production lease is required [Nos of standard blocks included in the Licence Area and boundary co-ordinates of the proposed area to be under production lease]	Yes/No
10.	Geo co-ordinates of the area	
11.	NHO Chart number	
12.	Whether the area applied for, forms part of a marine national park or marine sanctuary or other protected areas, as notified by the Central Government.	Yes/No
13.	If yes, enclose the map of marine national park or marine sanctuary or other protected areas, as notified by the Central Government with area under application marked. If such map is not available, the area should be marked on sketch plan drawn to scale showing all the features.	
14.	Subject to the provisions of section 13A of the Offshore Areas Minerals (Development and Regulation) Act, 2002, particulars of the area mineral-wise in the offshore areas for which the applicant individually or jointly- (a) already holds under a production lease;	

S.No. (1)	Item Detail (2)	Particulars (3)
	(b) has applied for a production lease but not granted; and (c) being applied for a production lease simultaneously.	
15.	Has the applicant carried out the exploration operations over the area held under the composite licence and prepared the geological report in conformity with the Offshore Areas (Existence of Mineral Resources) Rules, 2024?	Yes/No
16.	Has the copy of geological report been attached with the application form?	Yes/No
17.	Has the applicant committed any breach of the terms and conditions of the composite licence?	Yes/No
18.	Has the applicant become ineligible under the provisions of the Act?	Yes/No
19.	Has the applicant made an application within the time period specified in clause (c) of first proviso to sub-section (6) of section 12 of the Act?	Yes/No
20.	Has the applicant been convicted for illegal mining by any court?	Yes/No

I/We do hereby declare that the particulars furnished above are correct and am/are ready to furnish any other details including accurate plans and 1<sup>st</sup> instalment of Upfront Payment, as may be required by you.

Yours faithfully

Date:

Place:

**Signature of the applicant**

**Instructions to applicants:**

- (a) The applicant must submit a valid clearance certificate in the form prescribed by the Administering Authority, of payment of dues, such as royalty or fixed rent and other payment payable under the Act or the rules made thereunder, along with the application:

Provided that in case the applicant is a firm or association of individuals such certificate shall be furnished by all partners of the firm or, as the case may be, all members of the association of individuals:

Provided further that where a person has furnished an affidavit to the satisfaction of the Administering Authority stating that he does not hold and has not held an operating right other than the composite licence, it shall not be necessary for him to produce the said valid clearance certificate:

Provided also that the grant of a clearance certificate shall not discharge the holder of such certificate from the liability to pay the any dues which may subsequently be found to be payable by him under the Act or the rules made thereunder.

- (b) The application must be signed by a duly authorised representative of the applicant, in case the

applicant is a company. In case the applicant is an individual, the applicant must personally sign the application. In case of a firm or association of individuals, all the persons constituting the firm or association of individuals shall sign the application.

- (c) The corporate authorisation of the authorised signatory of the applicant (which is a company) must be enclosed with the application. Any change in such corporate authorisation must be immediately intimated to the Administering Authority.

## **SCHEDULE – IV**

(See rules 8(1))

### **FORMAT OF PRODUCTION LEASE**

This deed for grant of a production lease (“**Lease**”) is made by and between the following:

#### **PARTIES:**

- 1 **The President of India**, acting through Ministry of Mines (the “**Central Government**”) represented by the Administering Authority.

AND

- 2 **[Name of the Lessee]** [incorporated in India under the Companies Act, 2013 with corporate identity number [CIN], whose registered office is at [address of registered office], India and principal place of business is at [address of principal place of business, if different from registered office] **OR** [an individual who is a citizen of India, having income tax permanent account number [number], residing at [address] **OR** [persons listed in Schedule A organised as a [firm/association of persons] in the name of [*name of the firm or association of individuals*], all of whom are Indian citizens and resident in India] (the “**Lessee**”).

#### **BACKGROUND:**

- A. The Lessee [had participated in an electronic auction for grant of a production lease, pursuant to which the Lessee has become eligible for grant of a production lease] **OR** [had participated in an electronic auction for grant of a composite licence, pursuant to which he/it has completed the exploration operations and has become eligible for grant of a production lease] under the Offshore Areas Minerals (Development and Regulation) Act, 2002 (“**Act**”) and rules made thereunder for grant of a production lease].
- B. Accordingly, the Central Government is now executing this deed for grant of a Lease to the Lessee in consideration of the fee, royalties, covenants and agreements hereinafter reserved and contained on the part of the Lessee to be paid, observed and performed.

#### **1. DEFINITIONS**

The expressions used in this Lease shall have the same meaning as ascribed to them under the Act and the rules made thereunder.

#### **2. GRANT OF LEASE**

- 2.1. The Central Government hereby grants the Lease to the Lessee over an area described in Schedule B (“**Lease Area**”) for conducting production operations for a period of 50 (fifty) years, commencing from the date on which this duly executed production lease deed is registered with respect to following mineral(s):- [name of the minerals] (“**Minerals**”).
- 2.2. The Lease shall be with respect to all deposits of the Minerals situated, lying or being in or under the Lease Area.
- 2.3. Subject to the Lessee paying the royalties and making other payments required to be

paid and observing and performing all the covenants and agreements herein contained and on the part of the Lessee to be observed and performed shall and may quietly hold and enjoy the rights and premises of the Lease Area for and during the term hereby granted without any unlawful interruption from or by the Central Government, or any person rightfully claiming under it.

### **3. RIGHTS AND OBLIGATIONS**

- 3.1. The rights and obligations of the Central Government and the Lessee shall be as specified in the Act and the rules made thereunder, including without limitation the Offshore Areas Operating Right Rules, 2024 and the Offshore Mineral Development and Production Agreement dated [date].
- 3.2. Without prejudice to the generality of the foregoing,
  - (a) the Lessee shall:
    - (i) at all times comply with the provisions of the Act, the rules made thereunder and any other applicable law;
    - (ii) make prompt payment of royalty and any charges or other payment required to be made by the Lessee;
    - (iii) pay such compensation as may be assessed by lawful authority in accordance with the law in force on the subject for all damage, injury, or disturbance which may be done by the Lessee in exercise of the powers granted by this Lease and to indemnify and keep indemnified fully and completely the Central Government and Administering Authority against all claims which may be made by any person or persons in respect of any such damage, injury or disturbance and all costs and expenses in connection therewith;
    - (iv) take all necessary steps and measures, for enabling the natural rehabilitation of the seabed affected by production operations, including any measures as may be specified by the Central Government, from time to time;
    - (v) without delay send to the Directorate General of Shipping, Director General, Indian Coast Guard, Directorate General of Mine Safety, Administering Authority and any other relevant government authority, a report of any accident causing death or serious bodily injury or serious injury to property or seriously affecting or endangering life or property which may occur in the course of the operations under this Lease;
    - (vi) weigh or measure, or cause to be weighed or measured upon some part of the Lease Area, all the produced and dispatched minerals, from time to time, with [seven days] prior notice in writing being given to the Administering Authority and authorised officer of Indian Bureau of Mines for every such weighing or measuring in order that he or some person on his behalf may be present thereat;
    - (vii) pay stamp duty and registration charges as may be applicable in respect of this deed;
    - (viii) during the term of the Lease, enter upon the Lease Area and carry out production operations for minerals specified in this deed, in accordance with the provisions of the Act and the rules framed thereunder;

- (ix) comply with the provisions of the Act and the rules made thereunder including rules made under section 19A and directions issued under section 21;
- (x) ensure that prior to their deployment, all vessels to be deployed and installations to be erected in the Lease Area by the Lessee or by the contracted companies, shall undergo and clear naval security inspection of the Indian Navy under the aegis of the Flag Officer Commanding-in-Chief of the concerned Naval Command and Flag Officer, Offshore Defence Advisory Group. A clear one month's notice must be given by the Lessee to the aforesaid offices to facilitate such inspection and clearance;
- (xi) take measures, as specified by the Central Government from time to time, pertaining to prevention and control of pollution and conservation of marine ecosystem in protected areas including marine national parks, marine sanctuaries or any other area, as may be notified by the Central Government;
- (xii) not carry on or allow to be carried on, any production operations at any point within a distance of 500 meters from any telecommunication cables, offshore wind turbine generators, offshore power substations, oil platform or pipelines, underwater archaeological sites, defence installations or any port area, except under and in accordance with the previous written permission of the concerned competent authority, and any officer authorised by the Administering Authority or the Central Government in this behalf. The said distance of 500 meters shall be measured from the outer edge of the relevant vessel, structure or installation, as applicable;
- (xiii) furnish -
  - (a) a quarterly report of the work done by the Lessee, the number of persons engaged and all geological and geophysical data relating to production fields, or engineering surveys, such as anomaly maps, sections, plans, structures, contour maps, logging, collected by him/them during the course of production operations to the Geological Survey of India, Administering Authority, Indian Bureau of Mines and such other authority as may be specified. The report shall be submitted within thirty days of the close of the quarter to which it relates;
  - (b) a quarterly report on all information pertaining to investigations of radioactive minerals collected by the Lessee during course of production operations to the Secretary, Department of Atomic Energy, New Delhi, Geological Survey of India, Administering Authority Indian Bureau of Mines and any other authority as may be specified. The report shall be submitted within thirty days of the close of the quarter to which it relates;
  - (c) an annual report, containing the full details of the work done by the Lessee and disclose all information acquired by the Lessee in the course of the operations carried on under this Lease regarding the geology and mineral resources of the area covered by the

Lease to the Geological Survey of India, Administering Authority, Indian Bureau of Mines and such other authority as may be specified. The report shall be submitted within sixty days of the close of the year to which it relates;

- (d) submit to the Central Government, at any time before the performance security is returned to it or transferred to any other account, or within three months after the expiration or termination or abandonment or surrender of the Lease, whichever is earlier, a full report of the work done by the Lessee, and disclose all information acquired by the Lessee in the course of the production operations carried on under this Lease regarding the geology and mineral resources of the Lease Area:

Provided that, subject to provisions of the Act and the rules framed thereunder, the Lessee may specify that the whole or any part of the reports and data submitted by him pursuant to clause 3.2 (a) (xiii) above shall be kept confidential, and the concerned authorities shall thereupon, keep such portions of the submitted reports and data as confidential as may be deemed fit:

Provided further that upon termination or expiration or surrender or abandonment of the Lease, whichever is earlier, all reports and data submitted by the said Lessee shall become the sole property of the Central Government.

- (xiv) ensure that no interference is caused to any right of way in any recognised sea lanes for the purposes of navigation, or for any other purpose authorised by the Central Government;
  - (xv) erect, maintain, display and keep in repair all notices or floaters or signage or buoys, marking the boundary of the Lease Area to the satisfaction of the Administering Authority and other concerned government authorities, including the Coast Guard and the Indian Navy; and
  - (xvi) take all practical measures including the provision of appropriate equipment to ensure that no liquid waste is discharged or escapes into the sea as a result of the production operations in the sea bed and subsoil of the area and in the case of such escape or discharge, to take all reasonable steps to stop or reduce the same and to prevent the pollution of the sea by liquid waste;
- (b) the Central Government shall:
- (i) have the right, at all times to enter into and upon and to grant or demise to any person or persons whomsoever, liberty to enter into and upon the Lease Area for all or any purposes other than those for which sole rights and Lease are hereby expressly conferred upon the Lessee, including without limitation, to deploy on, over or through the Lease Area such vessels, equipment, platforms, pipelines, telecommunication cables and other such implements as shall be

considered necessary or expedient for any purposes, and to obtain from and out of the Lease Area such stone, earth or other materials as may be necessary or requisite for deploying, repairing or maintaining such vessels, equipment, platforms, pipelines, telecommunication cables and other such implements, to pass and repass at all times over such area for all purposes and as occasion shall require;

- (ii) have the right to appropriate any performance security provided by the Lessee in accordance with terms of such performance security and require the Lessee to replenish the performance security. In case the performance security has been provided through a security deposit, after termination of the Lease and fulfilment of all obligations of the Lessee, such security deposit shall be returned to the Lessee after appropriate deductions. It is clarified that the security deposit shall not carry any interest; and
  - (iii) have the right to carry out or perform any work or matters which in accordance with the covenants in that behalf are to be carried out or performed by the Lessee, but have not been so carried out or performed within the time specified in that behalf, and the Lessee shall pay the Central Government on demand all expenses which shall be incurred in carrying out or performance of the same.
- 3.3. If the Central Government is desirous of exercising its right of pre-emption with respect to any mineral(s), the Central Government shall pay the average sale price of such minerals as published by Indian Bureau of Mines prevailing at the time of pre-emption.
- 3.4. In the event of the existence of a state of war or emergency (of which existence the President of India shall be the sole judge and a notification to this effect in the Gazette of India shall be conclusive proof) the Central Government shall from time to time and at all times during the said term have the right (to be exercised by a notice in writing to the Lessee) to forthwith take possession and control of the vessels, installations, platforms, pipeline, plants, machinery, equipment and premises of the Lessee on or in connection with the Lease Area or the operations under this Lease and during such possession or control, the Lessee shall conform to and obey all directions given by or on behalf of the Central Government regarding the use of employment of such vessels, installations, platforms, pipelines, plants, equipment, premises and minerals, provided that fair compensation, which shall be determined in default of agreement by the Central Government shall be paid to the Lessee for all loss or damage sustained by him/them by reason or in consequence of the exercises of the powers conferred by this clause and provided also that the exercise of such power shall not terminate the said term hereby granted or affect the terms and provisions of this clause.
- 3.5. Every notice required to be given to the Lessee shall be given in writing to such person as may be nominated by the Lessee and such nomination shall be informed to the Administering Authority in writing. If no such nomination is made then the notice shall be sent to the Lessee by registered post/speed post/ e-mail addressed to the Lessee at the address shown in the application for the Lease or at such other address in India as the Lessee may designate from time to time and every such service shall

be deemed to be proper and valid service upon the Lessee and shall not be questioned or challenged by him.

- 3.6. If in any event the orders of the Administering Authority are revised, reviewed or cancelled by the Central Government in pursuance of proceedings under the Offshore Areas Operating Right Rules, 2024, the Lessee shall not be entitled to compensation for any loss sustained by the Lessee in exercise of the powers and privileges conferred upon the Lessee by these presents.

#### 4. FORCE MAJEURE

- 4.1. In this clause the expression “force majeure” means act of God, war, insurrection, riot, civil commotion, strike, earthquake, storm, tidal wave, flood, lightning, explosion, fire, or any other happening which the Lessee could not reasonably prevent or control.
- 4.2. Failure on the part of the Lessee to fulfil any of the terms and conditions of this Lease shall not give the Central Government any claim against the Lessee or be deemed a breach of this Lease, in so far as such failure is considered by the Central Government to arise from a force majeure event, and if the fulfilment by the Lessee of any of the terms and conditions of this Lease be delayed from force majeure, the period of such delay shall be added to the period fixed by this Lease.
- 4.3. The Administering Authority or the Central Government shall not be liable in any manner, whatsoever, to the Lessee in respect of any loss relating to, or arising out of, the occurrence or existence of any force majeure event.

#### 5. GOVERNING LAW

This Lease and all questions of its interpretation shall be construed in accordance with the laws of India. Subject to the provisions contained in section 28, the courts at New Delhi shall have exclusive jurisdiction over disputes arising under this deed.

In witness whereof there presents have been executed at the [name of place] on [date].

#### SCHEDULE A – LIST OF PERSONS <sup>1</sup>

S. No	Name	PAN Number	Address

#### SCHEDULE B: AREA OF PRODUCTION LEASE

(Description of area, including latitudes and longitudes, to be provided.)

<sup>1</sup> To be deleted if the Lessee is not an association of individuals.

**SCHEDULE – V**

(See rule 15(2))

**FORMAT OF TRANSFER APPLICATION**

To  
[Address]

I/We request for seeking transfer of production lease/ composite licence.

<b>S. No.</b>	<b>Item Detail</b>	<b>Particulars</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
1.	Name of the transferor	
2.	Address of the transferor	
3.	Name of the transferee	
4.	Address of the transferee	
5.	Production lease/composite licence number	
6.	Date of registration of production lease/composite licence	
7.	Whether the transferee is eligible to hold the production lease/composite licence in accordance with the provisions of the Act and the rules made thereunder?	Yes/No
8.	The consideration payable by the transferee, including the consideration in respect of the exploration operations already undertaken and the reports and data generated during the operations.	
9.	Whether the transferee is agreeable to accept all the conditions and liabilities under any law for the time being in force which the transferor was subject to in respect of such a production lease/composite licence.	Yes/No

We do hereby declare that the particulars furnished above are correct and am/are ready to furnish any other details, as may be required by you.

The transferee and transferor also undertake to comply with the provisions of section 13B and the Offshore Areas Operating Right Rules, 2024 with respect to the transfer of the production lease/composite licence.

Yours faithfully,

Transferor

.....

Transferee

.....

Place: .....

Date: .....

**Instructions to applicants:**

- (a) The application must be signed by a duly authorised representative of the applicants, in case the applicant is a company. In case the applicant is an individual, the applicant must personally sign the application. In case of a firm or association of individuals, all the

persons constituting the firm or association of individuals shall sign the application.

- (b) The corporate authorisation of the authorised signatory of the applicant (which is a company) must be enclosed with the application. Any change in such corporate authorisation must be immediately intimated to the Central Government.
- (c) Documentary evidence to confirm eligibility of the transferee to hold the production lease/composite licence in accordance with the provisions of the Act and the rules made thereunder, must be submitted along with the application.

**SCHEDULE – VI**

(See rule 15(6))

**TRANSFER DEED**

**PART A**

**FORMAT OF TRANSFER DEED FOR COMPOSITE LICENCE**

The Transfer Deed (“**Deed**”) is made on this [*day*] day of [*month*], [*year*] between:

1. (*Name of the person with address and occupation*) (hereinafter referred to as the "**Transferor**" which expression shall where the context so admits be deemed to include his heirs, executors, administrators, representatives and permitted assigns); or

(*Name of person with address and occupation*) and (*Name of person with address and occupation*) (hereinafter referred to as the "**Transferor**" which expression shall where the context so admits be deemed to include their respective heirs, executors, administrators, representatives and their permitted assigns); or

(*Name of the person with address of all the partners*) all carrying on business in partnership under the firm name and style of (*Name of the firm*) registered under the Indian Partnership Act, 1932 (9 of 1932) and having their registered office at [*address*] (hereinafter referred to as the "**Transferor**" which expression where the context so admits be deemed to include all the said partners, their respective heirs, executors, legal representatives and permitted assigns; or

(*Name of Company*), a company registered under the (*Act under which incorporated*) and having its registered office at [*address*] (hereinafter referred to as the "**Transferor**" which expression shall where the context so admits be deemed to include its successors and permitted assigns) of the first part;

AND

2. (*Name of person with the address and occupation*) (hereinafter referred to as the "**Transferee**" which expression shall where the context so admits be deemed to include his heirs, executors, administrators, representatives and permitted assigns; or

(*Name of the person with address and occupation*) and (*Name of person with address and occupation*) (hereinafter referred to as the "**Transferee**" which expression shall where the context so admits be deemed to include their respective heirs, executors, administrators, representatives and their permitted assigns; or

(*Name and address of all the partners*) all carrying on business in partnership under the firm name and style of (*Name of the firm*) registered under the Indian Partnership Act, 1932 (9 of 1932) and having their registered office at [*address*] (hereinafter referred to as the "**Transferee**" which expression where the context so admits be deemed to include all the said partners, their respective heirs, executors, legal representatives and permitted assigns; or

(*Name of the Company*), a company registered under (*Act under which incorporated*) and having its registered office at [*address*] (hereinafter referred to as the "**Transferee**" which expression shall where the context so admits be deemed to include its successors and permitted assigns) of the second part;

AND

3. The President of India acting through Ministry of Mines represented by the Administering Authority (hereinafter referred to as the "**Central Government**" which expression shall where the context so admits be deemed to include the successors and assigns) of the third part.

**WHEREAS:**

- A. The Transferor has been granted a Composite Licence by the Central Government through auction on [*date*] ("**Composite Licence**") and a copy of the Exploration Licence Deed of the Composite Licence in attached hereto as *Annexure A*.
- B. In terms of the Composite Licence, the Transferor is entitled to conduct Exploration Operations of the area under the Composite Licence (more particularly set out in *Annexure B*) ("**Licence Area**") to ascertain existence of mineral resources in accordance with the Offshore Areas (Existence of Mineral Resources) Rules, 2024, for the term and subject to the payment of the applicable fees and royalties and observance and performance of the Transferor's covenant and conditions in the Composite Licence including a covenant not to transfer the Composite Licence in violation of applicable laws.
- C. The Transferor has, pursuant to its transfer application letter dated [*date*], requested the Administering Authority for its approval in connection with transfer of the Composite Licence to the Transferee.
- D. The Administering Authority has, pursuant to its letter dated [*date*] conveyed approval of the Central Government to the transfer application of the Transferor subject to compliance by the Transferee of the terms and conditions contained in this Deed.

**NOW THIS DEED WITNESSETH AS FOLLOWS:**

1. Capitalised terms used but not defined in this Deed shall, unless the context otherwise requires, have the respective meanings ascribed thereto in the Composite Licence or the Offshore Areas Minerals (Development and Regulation) Act, 2002, ("**Act**") and the rules made thereunder as the case may be.
2. The Transferee hereby covenants with the Central Government that from and after the transfer and assignment of the Composite Licence, the Transferee shall be bound by, and be liable to perform, observe and conform and be subject to all the provisions of all the covenants, stipulations and conditions contained in the Composite Licence in the same manner in all respects as if the Composite Licence had been granted to the Transferee as the licensee thereunder and he/ it had originally executed it as such.
3. It is further hereby agreed and declared by the Transferor of the one part and the Transferee of the other part that:
  - 3.1. The Transferee and the Transferor declare that the Transferee meets and shall continue to meet all the eligibility conditions which were required to be met by the Transferor for grant of the Composite Licence.
  - 3.2. The Transferor and the Transferee declare that they have ensured that the mineral

rights over the Licence Area for which the Composite Licence is being transferred vest in the Central Government.

- 3.3. The Transferee acknowledges that he/ it has received a copy of, and has read and understands the Composite Licence, and covenants, agrees and confirms that it shall be bound by all provisions of the Composite Licence as if it was an original party thereto.
- 3.4. The Transferor hereby declares that he/ it has not assigned or in any other manner transferred the Composite Licence now being transferred and that no other person or persons has any right, title or interest where under in the present Composite Licence being transferred.
- 3.5. The Transferee hereby declares that he/ it has accepted all the conditions and liabilities which the Transferor was having in respect of such Composite Licence.
- 3.6. The Transferee further declares that he/ it is financially capable of and will directly undertake exploration operations.
- 3.7. The Transferor has supplied to the Transferee the original or certified copies of all maps, sections, plans of exploration and abandoned area in the Licence Area.
- 3.8. The Transferee hereby further declares that as a consequence of this transfer, the total area while held by him/ it under operating rights are not in contravention of the provisions of the Act or the rules made thereunder.
- 3.9. The Transferor has paid all fees, royalties, and other dues towards the Central Government till the date, in respect of the Composite Licence.

In witness whereof the parties hereto have signed on the, date and year first above written.

For and on behalf of the Central Government:

\_\_\_\_\_  
Name:  
Designation:

For and on behalf of the Transferor:

\_\_\_\_\_  
Name:

For and on behalf of the Transferee:

\_\_\_\_\_  
Name:

**ANNEXURE A:**

Copy of Exploration Licence Deed of the Composite Licence

**ANNEXURE B:**

Location and area of the Composite Licence

*[Particulars of area, including Geo-coordinates, latitude and longitude, to be provided]*

## PART B

### FORMAT OF TRANSFER DEED FOR PRODUCTION LEASE

The Transfer Deed (“**Deed**”) is made on this [day] day of [month], [year] between:

1. (*Name of the person with address and occupation*) (hereinafter referred to as the “**Transferor**” which expression shall where the context so admits be deemed to include his heirs, executors, administrators, representatives and permitted assigns); or

(*Name of person with address and occupation*) and (*Name of person with address and occupation*) (hereinafter referred to as the “**Transferor**” which expression shall where the context so admits be deemed to include their respective heirs, executors, administrators, representatives and their permitted assigns); or

(*Name of the person with address of all the partners*) all carrying on business in partnership under the firm name and style of (*Name of the firm*) registered under the Indian Partnership Act, 1932 (9 of 1932) and having their registered office at [address] (hereinafter referred to as the “**Transferor**” which expression where the context so admits be deemed to include all the said partners, their respective heirs, executors, legal representatives and permitted assigns; or

(*Name of Company*), a company registered under the (*Act under which incorporated*) and having its registered office at [address] (hereinafter referred to as the “**Transferor**” which expression shall where the context so admits be deemed to include its successors and permitted assigns) of the first part;

AND

2. (*Name of person with the address and occupation*) (hereinafter referred to as the “**Transferee**” which expression shall where the context so admits be deemed to include his heirs, executors, administrators, representatives and permitted assigns; or

(*Name of the person with address and occupation*) and (*Name of person with address and occupation*) (hereinafter referred to as the “**Transferee**” which expression shall where the context so admits be deemed to include their respective heirs, executors, administrators, representatives and their permitted assigns; or

(*Name and address of all the partners*) all carrying on business in partnership under the firm name and style of (*Name of the firm*) registered under the Indian Partnership Act, 1932 (9 of 1932) and having their registered office at [address] (hereinafter referred to as the “**Transferee**” which expression where the context so admits be deemed to include all the said partners, their respective heirs, executors, legal representatives and permitted assigns; or

(*Name of the Company*), a company registered under (*Act under which incorporated*) and having its registered office at [address] (hereinafter referred to as the “**Transferee**”

which expression shall where the context so admits be deemed to include its successors and permitted assigns) of the second part;

AND

3. The President of India acting through Ministry of Mines represented by the Administering Authority (hereinafter referred to as the “**Central Government**” which expression shall where the context so admits be deemed to include the successors and assigns) of the third part.

**WHEREAS:**

- A. The Transferor has been granted a production lease by the Central Government in respect of which the Central Government and the Transferor have executed: (a) a Offshore Mineral Development and Production Agreement, dated [date]; and (b) a lease deed dated [date] and registered as no. [number] on [date] [at the office of the Sub-Registrar] of [address] in connection with the production lease (collectively “**Concession Documents**”) and the same is attached hereto as **Annexure A**.
- B. In terms of the Concession Documents, the Transferor is entitled to search for, win and work offshore mines and minerals in respect of (*Name of minerals*) in the offshore area described in the schedules to the Concession Documents (more particularly set out in **Annexure B**) (“**Lease Area**”), for the term and subject to the payment of the rents and royalties and observance and performance of the Transferor's covenant and conditions in the Concession Documents including a covenant not to transfer the production lease in violation of applicable laws.
- C. The Transferor has, pursuant to its transfer application letter dated [date], requested the Administering Authority for its approval in connection with transfer of the production lease to the Transferee.
- D. The Administering Authority has, pursuant to its letter dated [date] conveyed approval of the Central Government to the transfer application of the Transferor subject to compliance by the Transferee of the terms and conditions contained in this Deed.

**NOW THIS DEED WITNESSETH AS FOLLOWS:**

1. Capitalised terms used but not defined in this Deed shall, unless the context otherwise requires, have the respective meanings ascribed thereto in the Concession Documents or the Offshore Areas Minerals (Development and Regulation) Act, 2002 (“**Act**”) and the rules made thereunder as the case may be.
2. The Transferee hereby covenants with the Central Government that from and after the transfer and assignment of the production lease, the Transferee shall be bound by, and be liable to perform, observe and conform and be subject to all the provisions of all the covenants, stipulations and conditions contained in the Concession Documents in the same manner in all respects as if the production lease had been granted to the Transferee as the lessee thereunder and he/ it had originally executed the Concession Documents as such.
3. It is further hereby agreed and declared by the Transferor of the one part and the Transferee of the other part that:
  - 3.1. The Transferee and the Transferor declare that the Transferee meets and shall continue to meet all the eligibility conditions which were required to be met by the Transferor for grant of the production lease.

- 3.2. The Transferor and the Transferee declare that they have ensured that the mineral rights over the Lease Area for which the production lease is being transferred vest in the Central Government.
- 3.3. The Transferee acknowledges that he/ it has received a copy of, and has read and understands the Concession Documents, and covenants, agrees and confirms that it shall be bound by all provisions of the Concession Documents as if it was an original party thereto.
- 3.4. The Transferor hereby declares that he/ it has not assigned or in any other manner transferred the production lease now being transferred and that no other person or persons has any right, title or interest where under in the present production lease being transferred.
- 3.5. The Transferee hereby declares that he/ it has accepted all the conditions and liabilities which the Transferor was having in respect of such production lease.
- 3.6. The Transferor has supplied to the Transferee the original or certified copies of all maps, sections and plans of abandoned workings in the Lease Area.
- 3.7. The Transferee hereby further declares that as a consequence of this transfer, the total area while held by him/ it under operating rights are not in contravention of the provisions of the Act or the rules made thereunder.
- 3.8. The Transferor has paid all the rent, royalties, and other dues towards the Central Government till the date, in respect of the production lease.

In witness whereof the parties hereto have signed on the, date and year first above written.

For and on behalf of the Central Government:

\_\_\_\_\_

Name:

Designation:

For and on behalf of the Transferor:

\_\_\_\_\_

Name:

For and on behalf of the Transferee:

\_\_\_\_\_

Name:

**ANNEXURE A:  
Copy of Concession Documents**

**ANNEXURE B:  
Location and area of the production lease**

*[Particulars of area, including Geo-coordinates, latitude and longitude, to be provided]*

**SCHEDULE VII**  
[See rule 32]

**FORMAT OF MEMORANDUM OF APPEAL**

To  
[Address]

I/We submit the following appeal with the following particulars.

S. No.	Item Detail	Particulars
(1)	(2)	(3)
1.	Name of appellant (In case of a firm or other association of individuals, provide names of each person constituting the firm or the association of individuals, as the case may be.)	
2.	Address of the appellant (in case of a firm or other association of individuals, provide addresses of each person constituting the firm or the association of individuals, as the case may be.)	
3.	Status of the appellant <ul style="list-style-type: none"> <li>• Individual</li> <li>• Firm</li> <li>• Other association of individuals</li> <li>• Company</li> </ul>	
4.	Whether the appeal is filed within the prescribed time period	Yes/No
5.	If not, the reasons for not presenting it within the prescribed limit and seeking condonation of delay.	
6.	Purpose of the appeal	
7.	Appellant to specify- <ul style="list-style-type: none"> <li>(a) number and date of communication of the order to the appellant and authority passing the order against which an appeal is preferred.</li> <li>(b) whether in relation to composite licence or production lease;</li> <li>(c) any other matter</li> </ul>	
8.	Fee payable for the appeal	
9.	Name of bank, demand draft or challan number with date, through which the fee has been paid.	
10.	Mineral or minerals for which the appeal is filed	
11.	Details of area with respect to which the appeal is filed (give latitude and longitude covering the area).	
12.	Name and complete address of the party/parties impleaded	
13.	Number of copies of memorandum of appeal attached (Memorandum of appeal is to be submitted in triplicate if no party is impleaded. Besides these, for each party impleaded one additional copy is to be enclosed)	
14.	Grounds of appeal	
15.	Prayer(s) sought	

I/We do hereby declare that the particulars furnished above are correct and am/are ready to furnish any other details, as may be required by you.

Yours faithfully

Place:

Date:

**Signature of the appellant**

**Instructions to appellants:**

- (a) The appeal must be signed by a duly authorised representative of the appellant, in case the appellant is a company. In case the appellant is an individual, the appellant must personally sign the appeal. In case of a firm or association of individuals, all the persons constituting the firm or association of individuals shall sign the appeal.
- (b) The corporate authorisation of the authorised signatory of the appellant (which is a company) must be enclosed with the appeal. Any change in such corporate authorisation must be immediately intimated to the Administering Authority.

## **SCHEDULE VIII**

[See rule 38]

### **PART A**

#### **Register of Composite Licences**

1. Serial number.
2. Name of the licensee.
3. Address of registered office and residence of the licensee.
4. Number and date of notice inviting tender for auction of the licence and date of the notification of reservation under section 8.
5. (a) Number and date of grant of the composite licence.  
(b) Date of execution of exploration licence deed of the composite licence.  
(c) Date of registration of exploration licence deed of the composite licence.
6. Geo co-ordinates of the offshore area.
7. Total offshore area for which composite licence has been granted.
8. Auction premium (in percentage).
9. The mineral or minerals for which composite licence has been originally granted:
10. Mineral or minerals added to the composite licence with date.
11. The details of the offshore area for which licence was originally granted.
12. Period for which composite licence is granted.
13. Date of change together with details of change that take place in name, nationality, registered office, majority owners or other particulars of the licensee.
14. Date of transfer of the composite licence, if any and the name and address of the transferee. (make separate entry for each transfer).
15. Royalty and any other payments, if payable.
16. Details of performance security.
17. Date of application for production lease (if any).
18. Date of expiry or termination of composite licence or abandonment of operations or surrender of any excess area or grant of production lease.
19. Date from which the area is available for regrant.
20. Any other information as may be required by Administering Authority.
21. Remarks.
22. Signature of the officer.

## **PART B**

### **Register of Production Lease**

1. Serial number.
2. Name of the lessee.
3. Address of registered office and residence of the lessee.
4. Number and date of notice inviting tender for auction of the lease and date of the notification of reservation under section 8.
5. (a) Number and date of grant of production lease.  
(b) Date of execution of production lease deed.  
(c) Date of registration of production lease deed.
6. Geo co-ordinates of the offshore area.
7. Total offshore area for which production lease has been granted.
8. Auction premium (in percentage).
9. The mineral or minerals for which production lease has been originally granted.
10. Mineral or minerals added to the production lease with date.
11. The details of the offshore area for which lease was originally granted.
12. Period for which the production lease is granted.
13. Date of change together with details of change that take place in name, nationality, registered office, majority owners or other particulars of the lessee.
14. Date of transfer of the lease, if any and the name and address of the transferee. (make separate entry for each transfer).
15. Royalty and any other payments, if payable.
16. Details of performance security.
17. Date of expiry or termination or abandonment or surrender.
18. Date from which the offshore area is available for regrant.
19. Any other information as may be required by Administering Authority.
20. Remarks.
21. Signature of the officer.