

GOVERNMENT OF INDIA  
MINISTRY OF COAL

LOK SABHA  
UNSTARRED QUESTION NO. 130  
TO BE ANSWERED ON 18.07.2018

Coal Bed Methane

130. SHRI T. RADHAKRISHNAN:  
SHRI S.R. VIJAYAKUMAR:  
SHRI GANESH SINGH:  
SHRI BIDYUT BARAN MAHATO:  
SHRI S. RAJENDRAN:  
KUNWAR HARIBANSH SINGH:  
SHRI SUDHEER GUPTA:  
SHRI ASHOK SHANKARRAO CHAVAN:  
SHRI GAJANAN KIRTIKAR:

Will the **MINISTER OF COAL** be pleased to state :

- (a) whether the Government has approved expansion of exploration and production of India's Coal Bed Methane (CBM) from areas allotted to State-run Coal India Limited (CIL) and if so, the details thereof;
- (b) whether the said decision is in line with the Government's initiatives of 'Ease of Doing Business' and will expedite the exploration and exploitation of CBM, enhance the availability of natural gas and reduce the gap in demand and supply of natural gas, if so, the details of the increased development activities for exploration and exploitation of CBM gas reserves in-and-around the block along with details of creation of employment opportunities in CBM operations and in the industries;
- (c) the guidelines in place for production of Coal Bed Methane;
- (d) the estimated reserved of coal bed methane in different parts of the country, State/UT-wise;
- (e) whether the Government has conducted any survey for identification of production of coal bed methane in the country and if so, the number of areas proposed to be identified for the production of coal bed methane in the near future; and
- (f) the other steps taken/being taken by the Government to enhance the production of coal bed methane and reduce the demand supply gap in the country?

**ANSWER**

**MINISTER OF RAILWAYS, COAL, FINANCE AND CORPORATE AFFAIRS**  
**(SHRI PIYUSH GOYAL)**

(a)& (b) : Yes Madam. Government had notified consolidated terms and conditions on 3<sup>rd</sup> November, 2015, for grant of exploration and exploitation rights to Coal India Ltd. (CIL) and its subsidiaries from coal bearing areas for which they possess mining lease for Coal. Government has further simplified the procedure and re-notified the terms and conditions on 08.05.2018 (**Annexure-I**).

The said decision is in line with the Government's initiatives of 'Ease of Doing Business' and will expedite the exploration and exploitation of CBM, enhance the availability of natural gas and reduce the gap in demand and supply of natural gas. Presently, development activities for exploration and exploitation of CBM gas reserves in-and-around the coal blocks of CIL (viz. in the command area of BCCL & ECL) are under active consideration.



(c): CBM being Natural Gas is explored and exploited under the provisions of Oil Fields (Regulation and Development) Act 1948 (ORD Act 1948) and Petroleum & Natural Gas Rules 1959 (P&NG Rules 1959) administered by Ministry of Petroleum & Natural Gas (MoP&NG). In order to harness CBM potential in the country, the Government of India formulated CBM Policy in 1997. Government has further simplified the procedure and re-notified the terms and conditions on 08.05.2018.

Further, in order to give a thrust to expedite development of CBM blocks in India and remove impediments, Govt. of India has notified policy on early monetization of CBM on 11.04.2017 wherein CBM Operators are allowed to sell CBM at market determined prices at arm's length.(Annexure-II)

(d):

Sl. No.	STATE	Prognosticated Resource (in BCM)	Prognosticated CBM Resource (in TCF)	Established CBM Reserves (in TCF)
1	Jharkhand	722.08	25.5	1.916
2	Rajasthan	359.62	12.7	0
3	Gujarat	351.13	12.4	0
4	Odisha	243.52	8.6	0
5	Chhattisgarh	240.69	8.5	0
6	Madhya Pradesh	218.04	7.7	3.65
7	West Bengal	218.04	7.7	4.33
8	Tamil Nadu	104.77	3.7	0
9	Telangana & Andhra Pradesh	99.11	3.5	0
10	Maharashtra	33.98	1.2	0
11	North East	8.50	0.3	0
<b>Total CBM Resource</b>		<b>2599.48</b>	<b>91.8</b>	<b>9.9</b>

(e): CBM Blocks were carved out by DGH in close interaction with Ministry of Coal, GSI & CMPDI. Under CBM policy, 4 rounds of CBM biddings were accomplished resulting in award of 33 CBM blocks which covers 16, 613 Sq Km out of the total available coal bearing areas for CBM exploration of 26, 000 Sq Km.

(f) : A series of efforts have been initiated to give a thrust to expedite development of CBM blocks in India. They are given below:

- Government has formulated Co-development agreement for exploration and exploitation of CBM & Coal in the same area with a view to resolve the issue of overlapping between coal blocks and CBM Blocks;
- Govt. of India has also notified policy on early monetization of CBM on 11.04.2017 wherein CBM Operators are allowed to sell CBM at market determined prices at arm's length transaction, thereby giving them freedom from CBM Pricing and Allocation Policy of Govt. of India.

रजिस्ट्री सं० डी० एल०-33004/99

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पेट्रोलियम और प्राकृतिक गैस मंत्रालय

अधिसूचना

नई दिल्ली, 8 मई, 2018

फा. सं. 19018/12/2015-ओएनजी-1.—दिनांक 19.07.1997 की कोल बेड मिथेन (सीवीएम) नीति अधिसूचना संख्या ओ-12011/1/97/ओएनजी.डीओ.IV में आंशिक संशोधन करते हुए और दिनांक 03 नवंबर, 2015 की अधिसूचना संख्या 19018/12/2015-ओएनजी-1 के अधिक्रमण में भारत सरकार तेल क्षेत्र (विनियमन और विकास) अधिनियम, 1948 (1948 का 53) की धारा (12) के तहत प्रदत्त शक्तियों का उपयोग करते हुए कोल इंडिया लि. (सीआईएल) और उसकी सहायक कंपनियों को कोयला धारित क्षेत्रों, जिनके लिए उनके पास कोयला हेतु खनन पट्टा है, में अन्वेषण और दोहन के अधिकार प्रदान करने के लिए समेकित निबंधन और शर्तों को निम्नानुसार एतद्वारा अधिसूचित करती है :-

- कोयला धारित क्षेत्र (अधिग्रहण और विकास) अधिनियम, 1957 अथवा कोयला खान (राष्ट्रीयकरण) अधिनियम अथवा कोकिंग कोयला खान (राष्ट्रीयकरण) अधिनियम, 1972 अथवा यथा विनिर्दिष्ट किसी अन्य अधिनियम के तहत सीआईएल और उसकी सहायक कंपनियों के पास कोयले के उत्खनन हेतु निहित अधिकार/खनन पट्टे को पीएनजी नियम 1959 के तहत सीवीएम के अन्वेषण और दोहन के लिए प्रदान किया गया खनन पट्टा माना जाएगा। सीआईएल और उसकी सहायक कंपनियों को ऐसे क्षेत्रों के लिए सीवीएम के उत्खनन हेतु पीएनजी नियम 1959 के तहत अलग से लाइसेंस/पट्टा प्रदान करने के लिए आवेदन करने की जरूरत नहीं है।
- पट्टाधारक के रूप में सीआईएल और उसके सहायक कंपनियां ऐसे सभी ब्लॉकों/क्षेत्रों में सीवीएम प्रचालनों के लिए ओआरडी अधिनियम 1948 और पीएंडएनजी नियम 1959 का अनुपालन करेंगी।



- iii. पट्टाधारक प्राकृतिक गैस के उपयोग और मूल्य निर्धारण के लिए भारत सरकार की मौजूदा नीति का अनुपालन करेंगे।
- iv. पट्टाधारकों द्वारा राज्य/केंद्र सरकार को समय-समय पर यथालागू रॉयल्टी तथा अपेक्षित शुल्कों, उगाहियों और करों का भुगतान प्राकृतिक गैस के लिए किए जाने वाले अपेक्षित भुगतानों के समान प्रचलित दरों और समय-समय पर यथासंशोधित दरों पर किया जाना अपेक्षित होगा।
- v. सीआईएल और उसकी सहायक कंपनियों द्वारा संबंधित राज्य सरकार को कूप शीर्ष पर 10 प्रतिशत यथा विक्री मूल्य की दर से रॉयल्टी का भुगतान तथा केंद्र सरकार को सीवीएम संविदा हस्ताक्षर किए जाने की तारीख को भारतीय रुपए में 0.3 मिलियन अमरीकी डॉलर के निर्धारित एकवारगी सिग्नेचर बोनस का भुगतान तथा सीवीएम उत्पादन पर उत्पादित सीवीएम के विक्री मूल्य के 2.5 प्रतिशत की दर से उत्पादन स्तर भुगतान (पीएलपी) किया जाना अपेक्षित होगा।
- vi. दिनांक 30 जून, 2017 की अधिसूचना संख्या 50/2017-कस्टम्स के क्रम संख्या 404, उसमें निहित अन्य संबंधित प्रावधानों तथा इस संबंध में सरकार द्वारा समय समय पर जारी अन्य अधिसूचनाओं के तहत आयातों पर सीमा शुल्क के भुगतान से छूट लागू होगी।
- vii. आयकर अधिनियम, 1961 के अनुसार आय कर देय होगा।
- viii. वार्षिक कोयला खनन योजना में वर्ष के दौरान सीवीएम प्रचालन के लिए खनन पट्टा हेतु मानित क्षेत्र के व्यौरे, प्रतिबद्ध कार्य कार्यक्रम तथा सीवीएम के उत्पादन के लिए लक्ष्य शामिल होगा, और कोयला मंत्रालय (एमओसी) तथा पट्टाधारक के बीच किए गए समझौता ज्ञापन में इसे शामिल किया जाएगा।
- ix. सीआईएल और उसकी सहायक कंपनियां सीवीएम के लिए क्षेत्र की पहचान करेंगी और पेट्रोलियम और प्राकृतिक गैस मंत्रालय के साथ संविदा पर हस्ताक्षर करेंगी। संविदा पर हस्ताक्षर किए जाने के 24 माह के भीतर, पट्टाधारक सूचना और रिकार्ड हेतु क्षेत्र विकास योजना (एफडीपी) डीजीएच को प्रस्तुत करेगा और इसकी सूचना कोयला मंत्रालय को दी जाएगी। इस प्रकार प्रस्तुत की एफडीपी को पट्टाधारक के बोर्ड का अनुमोदन प्राप्त होगा।
- x. एमओपीएंडएनजी द्वारा पर्याप्त यथोचित कारणों के साथ तथा मामला-दर-मामला आधार पर एफडीपी प्रस्तुतिकरण की समयावधि को 12 माह के लिए बढ़ाया जा सकता है।
- xi. मूल्यांकन योजना और एफडीपी प्रस्तुतिकरण में 36 माह से अधिक का विलंब होने पर, पट्टाधारक को प्रति माह एक लाख रुपए का दंड देना होगा।
- xii. एफडीपी में अनुमानित तारीख से पहले पट्टाधारक उत्पादन शुरू नहीं करेगा। उत्पादन में विलंब होने की स्थिति में, पट्टाधारक को विलंब के प्रत्येक माह के लिए एक लाख रुपए का दंड देना होगा।
- xiii. सीवीएम दोहन के लिए सीवीएम प्रचालन का अनुभव रखने वाले केन्द्र अथवा राज्य सरकार के पीएसयूज की समान भागीदारी होगी और मुख्य शेयरधारिता पट्टाधारक की रहेगी। इससे पट्टाधारक द्वारा सीवीएम निष्कर्षण कार्य के लिए घेरलू अथवा विदेशी अनुभवी तकनीकी डिवेलपमेंट अथवा सेवा संविदाकारों की नियुक्ति पर कोई प्रभाव नहीं पड़ेगा।
- xiv. सीवीएम खनन पट्टा की अवधि तभी समाप्त होगी जब कोयला पट्टा की अवधि समाप्त होगी।
- xv. पट्टाधारक द्वारा कोयला खनन पट्टा के अंतर्गत आने वाले सीवीएम क्षेत्रों का उपयोग इस प्रकार किया जाएगा कि कोयला खनन कार्यों से पहले सीवीएम का निष्कर्षण कार्य सहज ढंग से हो सके अथवा



कोयला खनन प्रचालनों के साथ साथ किया जाए ताकि सीबीएम का इष्टतम रूप से विकास और संरक्षण किया जा सके।

2. पट्टाधारक द्वारा संबंधित संविधियों के प्रावधानों के अनुसार पर्यावरण, सुरक्षा आदि से संबंधित सभी सांविधिक अपेक्षाओं का अनुपालन किया जाएगा।

दिवाकर नाथ मिश्रा, संयुक्त सचिव

## MINISTRY OF PETROLEUM AND NATURAL GAS

### NOTIFICATION

New Delhi, the 8<sup>th</sup> May, 2018

**F. No. 19018/12/2015-ONG-I.**—In partial modification of Coal Bed Methane (CBM) Policy Notification No.O-12011/1/97/ONG.DO.IV dated 19.07.1997 and in supersession of the notification no. 19018/12/2015-ONG-I dated 3<sup>rd</sup> November, 2015 the Government of India exercising the powers conferred under section (12) of the Oilfields (Regulation and Development) Act, 1948 (53 of 1948) hereby notifies the consolidated terms and conditions for grant of exploration and exploitation rights to Coal India Limited (CIL) and its subsidiaries from coal bearing areas for which they possess mining lease for coal, as hereunder:

- i. The right vested/mining lease with CIL and its subsidiaries for extraction of coal under the Coal Bearing Areas (Acquisition & Development) Act, 1957 or Coal Mines (Nationalization) Act or Coking Coal Mines (Nationalisation) Act, 1972 or any other act so specified, would be deemed to be a mining lease granted under the PNG Rules 1959 for exploration and exploitation of CBM. CIL and its subsidiaries need not apply for separate grant of license/lease under the PNG Rules, 1959 for extraction of CBM, for such areas.
- ii. As a lease holder CIL and its subsidiaries will comply with the ORD Act 1948 and P&NG rules 1959 for CBM operations in all such blocks/ fields;
- iii. Lessee(s) would comply with existing policy of Government of India for utilization and pricing of natural gas.
- iv. Lessee(s) will be required to pay royalty and requisite fees, levies and taxes as applicable from time to time to State/Central Government at prevailing rates at par with payments which are required to be made for natural gas and as revised from time to time.
- v. CIL and its subsidiaries will, at present, require to pay royalty @ 10 % ad valorem sale value at the well head to concerned State Government, a fixed one time signature bonus equivalent to US\$ 0.3 Million in Indian Rupees on the date of signing of the CBM Contract and also Production Level Payment (PLP) on the CBM production @ 2.5% of the Sale Value of the CBM produced, to Central Government.
- vi. Exemption from payment of customs duty on imports under SI no. 404 of notification no. 50 /2017 –Customs dated 30th June, 2017, other relevant provisions therein and any

other notifications issued in this regard from time to time by the government will be applicable.

- vii. Income tax will be payable as per the income Tax Act, 1961.
  - viii. Annual coal mining plans will include details of the area deemed to be mining lease for CBM operation, committed work programme and target for production of CBM during the year, and the same will be incorporated in the MOU between Ministry of Coal (MOC) and the lessee.
  - ix. CIL and its subsidiaries will identify the area for CBM operation and sign the contract with the Ministry of Petroleum and Natural Gas. Within 24 months of signing of contract, the lessee shall submit Field Development Plan (FDP) to DGH for information and record, under intimation to the MOC. FDP so submitted shall have the approval of the Board of the lessee.
  - x. The time period for submission of FDP may be extended by 12 months by MoP&NG on a case to case basis with sufficient justifications.
  - xi. For delay in submission of appraisal plan and FDP beyond 36 months, the lessee will be liable to pay a penalty of Rs. One lakh per month.
  - xii. The lessee shall start production not later than the projected date in the FDP. For delay in production; lessee would be liable to pay a penalty of Rs. One lakh per month of delay.
  - xiii. Equity participation for CBM exploitation shall be limited to Central or State PSUs with experience in CBM operations with the majority share holding remaining with the Lessee. This shall not restrict the engagement of experienced technical developers or service contractors, whether domestic or foreign, for CBM extraction by the Lessee.
  - xiv. Relinquishment of CBM mining lease will be co-terminus with coal lease.
  - xv. CBM areas covered under coal mining lease area will be utilized by the lessee in a manner so as to facilitate extraction of CBM prior to coal mining operations or simultaneously with coal mining operations to optimally develop and conserve CBM.
2. All statutory requirements relating to Environment, Safety, etc. shall be complied with by the Lessee in accordance with the provisions of the relevant statutes.

DIWAKAR NATH MISRA, Jt. Secy.

RAKESH  
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(To be published in the Gazette of India, Part I, Section I)

**Government of India**

**Ministry of Petroleum and Natural Gas**

**Shastri Bhawan, New Delhi**

**Date: 11<sup>th</sup> April, 2017**

**NOTIFICATION**

**Policy Framework for Early Monetization of Coal Bed Methane(CBM)**

No. O-19018/7/2016/ONG-I – To develop alternate sources of natural gas including Coal Bed Methane (CBM) and promoting gas economy, Government has decided to provide marketing and pricing freedom for Coal Bed Methane (CBM), and streamline the operational issues. The Government of India hereby notifies the Policy Framework for Early Monetization of CBM Gas as hereunder:

**1. Marketing and Pricing Freedom**

1.1 It has been decided to provide marketing and pricing freedom to the Contractors of CBM blocks to sell the CBM at Arm's Length Price in the domestic market. While discovering the market price for Arms Length Sales, the Contractor has to ensure a fully transparent and competitive process for sale of CBM with the objective that the best possible price is realized, to the benefit of all parties to this Contract, without any restrictive commercial practices. An advertisement / Notice Inviting Tender (NIT) / e- Tender should be notified widely by the Contractor, in at least one local language daily newspaper and one English language national daily newspaper and other suitable electronic media, mentioning inter-alia the quality and quantity of CBM available for sale. Detailed information on the evaluation criteria to be used along with broad salient features of sale agreement to be executed by the buyer shall also be made known and at least 15 days time is to be allowed to ensure maximum participation of all likely buyers in this process. The information regarding the final agreement reached with the buyer shall be hosted on the Contractor's / Operator's website and also communicated to DGH / Government.

1.2 In the event of market discovered price being less than the price notified by the Petroleum Planning Analysis Cell (PPAC) under the New Domestic Natural Gas Pricing Guidelines, 2014, the royalty and Production Level Payment (PLP) shall be paid on the basis of the latter.

1.3 On notification of these guidelines, the New Domestic Gas Pricing Guidelines, 2014 and the Gas Utilization Policy announced earlier from time to time shall not be applicable to CBM gas.



1.4 These provisions regarding marketing and pricing freedom along with the minimum price for determining the 'Government take' shall also be applicable to the blocks where pricing formula/basis has been approved earlier by the Government. Any order issued earlier not in consonance with this policy will be treated as withdrawn.

1.5 Sale of CBM to any Affiliate of the Contractor is permitted, in the event the Contractor cannot identify any buyer following the procedure as stipulated in para 1.1. The information regarding the reasons for sales to Affiliate and the final agreement reached with the Affiliate shall be hosted on the Contractor's / Operator's website and also communicated to DGH/ Government.

## **2. Contractual Issues**

Director General, Directorate General of Hydrocarbons (DG,DGH) is empowered for condoning the delays in notice periods, annual work program and budgets and to approve the excusable delays regarding clearances from State and Central Government. The DG, DGH will dispose such cases within the time-limits below:

### **2.1 Entry into subsequent Phase, after paying cost of Unfinished Minimum Work Programme (MWP)**

Contractor is allowed to carry out MWP of second phase of exploration after paying the cost of unfinished work program of previous phase of exploration period to the Government.

### **2.2 Condoning delays in submission of notice for entering into next phase or for the Extension of Phase in Phase-I to Phase-III**

DGH is empowered to condone delays up to a period of 90 days for giving notice for entering into the next phase, for reasons to be recorded by the Contractor. However, such condonation shall not be construed as Extensions of Phase.

### **2.3 Condoning delays in submission of Annual Work Program and Budget**

DGH is empowered to condone delays up to a period of 90 days for submission of Annual Work Program & Budget from which reasons are to be recorded by the Contractor. However, such condonation shall not be construed as extension of a phase.



**2.4 Excusable delay in development phase due to land acquisition / force majeure issues or any other such matter beyond the control of Operator**

DGH is empowered to approve the excusable delays, without set off from subsequent Phases, in development phase due to Land Acquisition / Force Majeure condition or any other such matter beyond the control of Operator after confirming demonstrable delays.

**2.5 Reduction in minimum work programme**

DGH is empowered to reduce Minimum Work Programme (MWP) in proportion to the contract area if contract area is reduced by Government for any reason. If the Contractor decides not to accept any reduction in contract area, the Contractor would be permitted to exercise exit option from the contract without payment of Cost of Unfinished Work Programme (COUWP).

**2.6 Effective date of the contract**

If delay in grant of Petroleum Exploration License (PEL) exceeds two (2) years from the State Governments in any Block, the Contractor if exercises exit option from the CBM Block, will be permitted to exit without paying cost of unfinished work program.

**2.7 Non-grant or delayed permission of clearances by State Government and Central Government.**

In cases of inordinate delays in granting clearances i.e. beyond two (2) years in any block, the Contractor if exercises is exit option, will be permitted to exit from the contract without paying Cost of Unfinished Work Programme. DGH is empowered to review and examine such cases and approve exit option exercised by the Contractor from the CBM Contract.

**2.8 Calculation of Cost of Unfinished Work Program**

For Calculation of Cost of Unfinished Work Program, a fixed amount of USD 0.25 Million per corehole and USD 0.6 Million per test well as well as pilot well shall be considered as Cost of Unfinished Work Program irrespective of depth and will be uniformly applicable for all CBM Blocks. In case of low prospectivity observed in CBM block after drilling of core holes, then it is not required to drill test/pilot wells in the block. In such cases, DGH is authorized to waive off the cost of test/pilot wells depending upon technical requirement. 'Other works' and tests/studies as indicated in Article 5 of the Contract ' as part of MWP' shall not be considered for calculation of cost of unfinished work program of Phase-I and Phase-II as



the value of 'Other works' has been factored in the computation of COUWP for Core hole and Test Well and Pilot well.

**2.9 Relaxation of Notice Period for submission as per CBM Contract**

DGH is empowered to review and examine delays in submission of various notice periods in CBM Contracts.

**2.10 Extended Role for Empowered Committee of Secretaries (ECS) for resolution of operational issues in implementation of CBM Contracts.**

The role of ECS comprising of Secretary (Petroleum & Natural Gas), Finance Secretary, Secretary (Coal) and Secretary (Law) is extended for approving the matters relating to CBM blocks as and when referred to ECS.

3.0 This Notification shall be effective immediately.

*dm* 11.04.2017  
(Amar Nath)

Joint Secretary to the Government of India

**ORDER**

Ordered that a copy of this notification be communicated to all the State Government/Union Territory Administration, Lok Sabha Secretariat and the concerned Ministries and Department of the Government of India.

Ordered also that the notification be published in the Gazette of India for information.

*dm* 11.04.2017  
(Amar Nath)

Joint Secretary to the Government of India

To,

The Manager

Government Of India Press

Faridabad

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