

Pathbreaking Reforms in Petroleum & Natural Gas Sector: Draft PNG Rules aims modernisation of India's upstream oil and gas framework

The Rules Focus on Investor Stability, Ease of Business and Decarbonisation

Minister Shri Hardeep Singh Puri invites stakeholder suggestions by 17th July 2025

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“As part of our focus to accelerate oil & gas exploration under the leadership of Prime Minister Shri Narendra Modi Ji, we are bringing in a series of pathbreaking policy reforms to promote exploration and production. These reforms, including the Draft Petroleum & Natural Gas Rules, 2025, will significantly enhance the ease of doing business for our E&P operators,” said Shri Hardeep Singh Puri, Minister of Petroleum and Natural Gas. The Minister urged all stakeholders—industry leaders, experts, and citizens—to share their feedback on the Draft Petroleum & Natural Gas Rules, the revised Model Revenue Sharing Contract (MRSC) and the updated Petroleum Lease format by 17th July 2025 at png-rules@dghindia.gov.in. The consultation process will culminate at Urja Varta 2025 scheduled at Bharat Mandapam, New Delhi on 17th July.

As a part of our focus to accelerate oil & gas exploration under the leadership of PM [@narendramodi](#) Ji, a series of pathbreaking policy reforms are being implemented to promote exploration & production. These changes to increase the ease of doing business for our E&P operators... pic.twitter.com/YDQJraD2BS

— Hardeep Singh Puri (@HardeepSPuri) [July 8, 2025](#)

The Draft Petroleum & Natural Gas Rules, 2025, aim to modernise India's upstream oil and gas framework with several major reforms. Key among them is the introduction of an investor-friendly stabilisation clause, designed to protect lessees from adverse impacts of future legal or fiscal changes, such as increases in taxes, royalties or other levies, by allowing compensation or deductions. To reduce infrastructure duplication and encourage smaller players, the draft mandates that lessees declare underutilised capacity in pipelines and other facilities, and provide third-party access on fair terms, subject to government oversight.

For the first time, the draft rules permit operators to undertake integrated renewable and low-carbon projects—including solar, wind, hydrogen, and geothermal energy—within oilfield blocks, provided they meet safety standards and do not interfere with petroleum production. Strengthening environmental stewardship, the draft introduces detailed requirements for monitoring and reporting greenhouse gas emissions, establishes a regulatory framework for carbon capture and storage (CCS), and mandates site restoration funds with post-closure monitoring for a minimum of five years.

In terms of data governance, all operational data and physical samples generated during exploration and

production will belong to the Government of India. Lessees can use this data internally, but any export or external use requires government approval, with confidentiality protections lasting up to seven years. The draft rules also propose the creation of a dedicated Adjudicating Authority, not below the rank of Joint Secretary, empowered to enforce compliance, resolve disputes, and impose penalties. Additional provisions include clearer processes for lease mergers, extensions, and unitisation of reservoirs spanning multiple blocks, aimed at improving operational flexibility.

These reforms replace the outdated Petroleum Concession Rules, 1949 and Petroleum and Natural Gas Rules, 1959, and follow the recent amendment of the Oilfields (Regulation and Development) Act, 1948. They are also timed to precede OALP Round X, India's largest-ever exploration and production bidding round.

Alongside the draft rules, the Ministry has released a revised Model Revenue Sharing Contract that aligns with the new framework, particularly regarding unitisation, merged lease areas, and infrastructure sharing obligations. The revised Petroleum Lease format clarifies processes on lease relinquishment, reservoir extension and cancellation triggers, thereby providing greater operational certainty.

As Shri Hardeep Singh Puri emphasised, "It has never been easier, faster and more profitable to explore oil & gas in India. We look forward to constructive engagement to shape a modern, investor-friendly regime." Stakeholders are encouraged to submit their feedback by 17th July 2025 to png-rules@dghindia.gov.in. The government's efforts aim to create a transparent, efficient, and sustainable exploration and production environment, aligned with India's broader energy transition goals.

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