

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:2743
ANSWERED ON:23.07.2009
EXTRACTION OF PETROLEUM AND NATURAL GAS
Joshi Shri Mahesh

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the petroleum and natural gas extracted from land, sea, rivers and off-shore or on-shore areas are the property of Union Government;
- (b) if so, the details thereof;
- (c) whether some States in the country have claimed that the said natural gas is the property of concerned State;
- (d) if so, the reaction of the Union Government thereto; and
- (e) the time by which a final decision is likely to be taken in this regard?

Answer

MINISTER IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI JITIN PRASADA)

(a to e): Entry 53 in List I, i.e. the Union List under the 7th schedule (Article 246) of The Constitution of India reads as follows: "Regulation and development of oilfields and mineral oil resources; petroleum and petroleum products; other liquids and substances declared by Parliament by law to be dangerously inflammable". Entry 23 in List-II, i.e. the State List under the 7th Schedule (Article 246) of the Constitution reads that "Regulation of mines and mineral development, subject to provision of List-I with respect to regulation and development under the control of the Union". As per Article 297(1) of the Constitution of India, "All lands, minerals and other things of value underlying the ocean within the territorial waters, or the continental shelf, or the exclusive economic zone, of India shall vest in the Union and be held for the purposes of the Union. Therefore, Union Government is the owner of all the hydrocarbon resources in the country.

The development and regulation of oilfields is being carried out as per the provision of Oilfields (Regulation and Development) Act, 1948 and Petroleum & Natural Gas Rules, 1959. As per the Legislative provisions, royalty on production from onland areas is payable to the concerned State from where the production is obtained and royalty on production from offshore areas is payable to the Central Government.

Some State Governments had represented for sharing of profit petroleum with the Union Government. These representations were discussed and deliberated by the Twelfth Finance Commission of India, which recommended sharing of profit petroleum or production level payments with the Union Government in the ratio of 50:50 for on land areas. The recommendations in this regard have been accepted by the Government of India.