

Centre to make oil exploration in forests cheaper and easier for mining companies

12 September 2020



The Union Environment Ministry has simplified the oil exploration rules to allow mining companies to pay fees for the land affected by each borehole and not for the total leased out forest area, thus making oil mining in forest cheaper and easier. The norms were revised at the ministry's Forest Advisory Committee (FAC) meeting on Friday.

Mining companies used to pay 2 to 5 per cent of Net Present Value (NPV) of the forest areas leased out to them for exploring hydrocarbons. As per the revised norms, the NPV would now be based on the area dug up for each borehole (around 0.1 ha) which is nearly a fraction of what was charged earlier.

NPV is the upfront payment made to compensate for the loss caused to a forest and its ecosystem services by an infrastructure project and is used for conservation efforts. The Supreme Court had in 2002 mandated NPV for all infrastructure projects in forest areas.

The Union Mines Ministry had proposed to simplify the norms for the exploration of hydrocarbons, metallic and non-metallic minerals inside forests. It also requested that exploration in forest areas may be exempted from the purview of the Forest (Conservation) Act and hence from prior approval. The mines ministry called NPV payments an avoidable expenditure because only 1% of areas explored are converted to mining.

Prior forest clearance will not be required for digging up to 25 exploratory boreholes, but projects exceeding 25 boreholes will require a seismic survey, prior forest clearance, payment of NPV, etc.

Environment ministry faces backlash

The environment ministry was however criticised by environmental groups and activists for granting forest clearance to Oil India Limited (OIL) for drilling exploratory boreholes that extend up to Assam's Dibru Saikhowa National Park. The biodiversity-rich park is located near Baghjan, where gas and oil leak led to a fire in June this year.

Environmental activists have moved to the Guwahati high court saying that the Centre brought an amendment to avoid mandatory public hearings by OIL under Environment Impact Assessment Notification, 2006.

Source: <https://www.republicworld.com/india-news/general-news/centre-to-make-oil-exploration-in-forests-cheaper-for-mining-companies.html>