

ORDERS & NOTIFICATIONS

- 1.2 Guidelines for laying petroleum product pipelines notified on 20.11.2002.**

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS

NOTIFICATION

New Delhi, the 26th November, 2002

GUIDELINES FOR LAYING PETROLEUM PRODUCT PIPELINES

F.No.P-20012/5/99-PP – The Government of India are pleased to issue, in public interest, the following guidelines for laying petroleum product lines. These guidelines will come into effect from the date of publication of this notification in the official Gazette.

Categorization of Pipelines

1. The petroleum product pipelines would be categorized as follows :-
 - (i) Pipelines originating from refineries, whether coastal or inland, upto a distance of around 300 kilometers from the refinery;
 - (ii) Pipelines dedicated for supplying product to particular consumer, originating either from a refinery or from oil company's terminal; and
 - (iii) Pipelines originating from refineries exceeding 300 Km in length and pipelines originating from ports, other than those specified in (i) & (ii) above.

Ownership and access

2. Right of user (RoU) in land for laying pipelines under the Petroleum Pipelines (Acquisition of Right of User in Land) Act 1962 for the pipelines falling under category specified in sub-clauses (i) & (ii) of clause 1, will be granted in favour of applicant company treating such pipelines as captive pipelines i.e. for exclusive use by the proposer company.

3. For grant of RoU in land for laying pipelines under the Petroleum Pipelines (Acquisition of Right of User in Land) Act 1962 for the pipelines falling under the category specified in sub-clause (iii) of clause 1, the following procedure will be followed :

- 3.1 A proposal for laying common usage product pipeline could originate from any single interested party or a joint-venture (herein after referred to as proposer).
- 3.2 The Ministry of Petroleum and Natural Gas shall publicize, in such manner as the Ministry may decide, the proposal inviting expression of interest, within a period of three months from anyone interested in the proposal. In case any company is interested in taking any capacity in the pipeline, it could express its interest and enter into "take or pay" or any other mutually agreeable contract with the proposer. The pipeline size and design would be finalized by the proposer after taking into consideration all such requests.
- 3.3 In case, no expression of interest is received from any industry player within a period of three months of publicizing the proposal, the proposer would be at liberty to go ahead with the project.
- 3.4 The designed pipeline capacity would be at least 25% more than the capacity requirement of the proposer and of those who take capacity under clause 3.2, as may be decided by the Ministry of Petroleum and Natural Gas.
- 3.5 The ownership of the pipeline would be that of the proposer or as may be decided by the proposer, irrespective of whether the other industry player(s) take pipeline capacity or not.

- 3.6 The excess capacity, as mentioned in clause 3.4, would be available for use by anyone, other than the owner and those taking capacity under clause 3.2, at the approved tariff, as per the provisions under clause 4, on "common carrier" basis i.e. capacity would be made available to anyone interested and offering to pay the tariff. In case such demand exceeds this excess capacity, the allocation of the excess capacity would be pro-rated amongst the interested users other than the owner and those taking capacity under clause 3.2.

Tariff

4. Tariff for the pipelines commissioned after the date of publication of this notification in the Official Gazette and falling in the category specified in sub-clause (iii) of clause 1, will be subject to the control orders or the regulations that may be issued by the Government or the statutory authority in this behalf under any law for the time being in force.

Conditions under RoU acquisition

5. The ROU acquisition under the Petroleum Pipelines (Acquisition of Right of User in Land) Act, 1962 will be subject to such conditions as may be deemed fit by the Government in public interest. Such conditions may inter alia include the following:

- 5.1 Sharing of portions of acquired ROU falling in forest areas, wild-life/marine sanctuaries/parks, prohibited/restricted areas, etc. with the other interested parties.
- 5.2 In case the route/alignment of the pipeline crosses another pipeline route/alignment, the points of crossing would be decided by mutual

agreement between the parties, failing which the matter will be referred to the Ministry of Petroleum and Natural Gas whose decision will be final.

Miscellaneous

- 6.1 These guidelines will remain in force till the Petroleum Regulatory Board is constituted.
- 6.2 After Petroleum Regulatory Board is constituted, the RoL in land for laying petroleum product pipelines will be granted by the Ministry of Petroleum & Natural Gas subject to fulfillment of requirements under the petroleum regulatory law.
- 6.3 These guidelines will supercede any other guidelines prevailing on the subject.

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GUIDELINES FOR LAYING PETROLEUM PRODUCT PIPELINES

In a major decision towards deregulation of oil sector and to attract investment in the petroleum product pipelines, in November, 2002 Government had laid down a new Petroleum Product Pipeline Policy for laying pipelines in the country on common carrier principle. Guidelines for laying petroleum product pipelines were notified on 20.11.2002. Supplementary guidelines in this regard have also been notified on 26.10.2004.
