

Needed: A Policy for Disposal of Abandoned or Unused Sites

Policy Review

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Prepared for the Government of Gujarat

**Supported by World Bank under
Non-Lending Technical Assistance on Strengthening and Transformation of
Institutions for Management Land Acquisition and Resettlement and
Rehabilitation**

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1.0 Process of Site Development

ONGC's oil and gas exploration and production¹ activity involves identification of sites initially for exploratory drilling. The normal process is that the company takes land on rental basis (temporary) for operational purpose. Several drill sites are for understanding the geological structure and are later not required when the data is obtained. Such lands are immediately restored after the completion of such operations and after sealing the drill-hole the site is vacated. Some sites needed for longer monitoring and viable drill sites for production are acquired on a permanent basis under the prevailing LA Act and Rules.

Oil or natural gas is extracted from these 'wells'. Typically a compact drill-site is approximately 130 m x 130 m (roughly 1.7 ha). As wells become less productive or they stop producing they are abandoned based on the report of the geologist². Around 185 hectares of permanently acquired and is lying abandoned and is not required for any present or future use. Most of this land is in Ankleshwar Asset, in an area spread between Surat and Vadodara, where oil production has depleted due to aging of field. These sites have become unproductive assets of the company but still require financial resources for their upkeep. When we take into account the various regions for oil exploration and similar exploratory drilling activities it is possible to release atleast 500 ha of land in the State.

2.0 Process of Reinstatement

The Ministry of Petroleum and Natural Gas in one of its internal communiqué states, 'it is possible that after some time the Company may no longer require some of the land which may be acquired by it under L A Act. It is considered that if the desire to sell any such land or a portion of it within 12 years following the date of acquisition, it should be given to the original owner or owners the first offer to purchase it at the prevalent market rates at the time of sale.' While the market value was got assessed in through the Collector, Surat District in specific instance but the process was not put in place, considering the legality of the sale.

Ideally a company would like to dispose of the land to the highest bidder and add to its revenue. However, such permanently acquired lands, abandoned or unutilised cannot be sold as these were acquired under LA Act, 1894. These lands have to be surrendered through the revenue authority - the agency responsible for acquisition.

¹ Applies to most exploration companies follow this process but our understanding is based on ONGC

² Often the life of a producing well may be 20 years

Alternatively the State Government has to 'derequisition' the land³. The law however allows the state government can regrant the land to the original owner or sell the land.

3.0 Why ONGC would like to Surrender?

1. ONGC would like the community to know that it is in the business of providing 'oil security' to the nation and not a real estate or private agency to win arbitrages on land acquired for public purpose. This it hopes will set a trend among companies acquiring lands for public purposes when not required are restored back to the people.
2. The abandoned land, if made available for cultivation to the local people will develop goodwill among the local community. Since the company needs to operate in the nearby region this will be a good message sent across for future acquisitions.
3. The abandoned land adversely affects the 'green image' of the company as it remains a blotch in the local environment without any activity.
4. It would eliminate expenses in its maintenance and protection against encroachments, on which periodically audit objections are raised.

4.0 An Example

There is atleast one example where such a restoration of land has taken place albeit the fact that it was not a drill site. The company acquired 4 acre & 6 gunthas of land in Dhuran Pardi village of Kamrej Taluka for installation of water treatment plant and construction of colony. The company used only 1 guntha of land for construction of water tank and rest remained unutilized.

In 1972, the landowner through the government pleader (High Court) appealed to surrender the unutilized land to the owner. The government referred the case to the Collector, Surat for issuing a 'no objection' certificate by the Government in favour of Shri Chhetalal Ganpatram Joshi.

5.0 Suggestion

A common policy for such lands, which were originally acquired under LA Act and is not needed for any related purpose or is abandoned, could be framed for handing it back to the community.

To begin with the State can seek for a land use map and an inventory of such assets from all the companies for whom it has acquired land in the past.

³ Apparently this was discussed in some meetings between ONGC officials and District Administrations in the past but nothing concrete has emerged

Such a measure will be in keeping with the spirit of the policy and law that only what is essential for public purpose is appropriated from people or the commons.

An exercise of this nature can also enable understanding in which contexts and situations more land has been acquired and give some important clues to 'right sizing' and probably 'right-timing' the acquisition.

6.0 Acknowledgements

We sincerely appreciate the sharing of views by some of the Senior officials. These who are eager to make the organisation more and more proactive to local concerns and have freely shared the efforts made in this direction but would like to be unnamed. In such a large public institution their roles have been shifted and they are currently not directly involved in the specific issues and hence cannot make official statements. Their contribution though would be significant if a policy for restoring such lands takes shape.