



JSA Prism Mines and Minerals

July 2025

India notifies operating right framework for offshore atomic minerals under strategic minerals regime

The Ministry of Mines, in consultation with the Department of Atomic Energy (“DAE”), *vide* notification dated July 14, 2025, notified the Offshore Areas Atomic Minerals Operating Right Rules, 2025 (“**Atomic Mineral Rules**”). The Atomic Mineral Rules, notified under the Offshore Areas Mineral (Development and Regulation) Act, 2002 (“**OAMDR Act**”), operationalise a dedicated legal regime for reconnaissance, exploration, and production of offshore atomic minerals, founded in India’s territorial waters, continental shelf, and exclusive economic zone. By aligning with the Atomic Energy Act, 1962, the Atomic Mineral Rules ensure sovereign control over strategic minerals, while enabling regulated participation by government companies through structured permissions and staged operating rights.

The OAMDR Act, in effect since January 2010, lays the foundation for managing mineral resources in offshore areas, providing for categories of operating rights and delineating the roles of central agencies. The broader framework includes other rules notified in 2024, such as the Offshore Areas Mineral (Auction) Rules, the Operating Right Rules, and the Conservation and Development Rules. The Atomic Mineral Rules form a sector-specific extension of this regime, exclusively governing atomic minerals that meet threshold grade criteria as notified under the Atomic Energy Act, 1962. Where the grade of atomic minerals falls below the prescribed threshold value, such cases will continue to be governed by the general offshore rules notified in 2024.

Salient features

1. **Applicability to notified atomic minerals:** The Atomic Mineral Rules apply only to offshore operations concerning atomic minerals (as defined under the Atomic Energy Act, 1962) where the grade is equal to or higher than the prescribed ‘threshold value’. If the grade is below the threshold, the general Offshore Areas Operating Right Rules, 2024 apply.
2. **Reconnaissance and exploration without operating rights:** Authorised central agencies may undertake reconnaissance or exploration activities without obtaining a formal operating right, in accordance with Schedule A of the Atomic Mineral Rules, provided they submit prior notification to the administrative authority along with details of the proposed area and the intended duration of such operations.
3. **Grant of operating rights to government entities:** Upon examination of a geological report prepared in accordance with the parameters specified by the Atomic Minerals Directorate (“AMD”), and confirmation that the threshold grade is met, the administrative authority may nominate a government, government company or corporation for the grant of either a composite license (exploration-cum-production) or a production lease.

4. **Composite license (exploration-cum-production):** The prospective licensee is required to submit an exploration plan for approval by the Atomic Minerals Directorate and furnish a performance security equivalent to 0.25% of the estimated value of the resources. Henceforth, the composite licence is granted for an initial period of 3 (three) years and may be extended by a further period of 2 (two) years, subject to fulfilment of applicable conditions.
5. **Production lease:** Upon confirmation of resource viability, the prospective lessee may apply for the grant of a production lease. The lessee is required to furnish a performance security equivalent to 0.5% of the estimated value of resources, which must be adjusted every 5 (five) years based on reassessed valuations. The production lease remains valid until the exhaustion of mineral reserves and is governed by an Offshore Mineral Development and Production Agreement executed with the Central Government.
6. **Approval and execution timelines:** Both composite licenses and production leases are subject to strict timelines for submission of applications, approvals, signing of deeds, and plan submissions. Failure to comply may result in cancellation and forfeiture of fees or securities.
7. **Atomic mineral reporting and surrender:** If atomic minerals are discovered during operations under general offshore rights (e.g., by private parties), the operator must report to the DAE, AMD and the administering authority. If threshold grade is met, the operator must surrender the area but is eligible for reimbursement of exploration costs as determined by the Government.
8. **Exclusive domain of DAE:** The DAE retains exclusive rights to notify threshold values, approve plans, control environmental and radiological safety, and authorise processing or disposal of atomic minerals. No activity can proceed without DAE clearance, even if covered under other offshore rules.
9. **Security, defence, and strategic clearances:** Prior to the grant of any operating right, the Central Government is required to consult with relevant ministries and departments, including those dealing with defence, environment, external affairs, home affairs, space, fisheries, and petroleum. Furthermore, the deployment of vessels, use of equipment, or engagement of non-Indian contractors in offshore operations must adhere to prescribed protocols, including prior intimation, inspection procedures, and applicable visa and security clearance requirements.
10. **Environmental restoration and reporting:** Operators are required to undertake marine environmental restoration following the completion or cessation of offshore activities, as per directions issued by the Central Government. They must also maintain daily operational records and submit periodic reports, including annual summaries, to designated.

Conclusion

The Atomic Mineral Rules introduce a structured, compliance-heavy framework for the grant and execution of offshore atomic mineral rights. By restricting direct access to government entities and ensuring oversight by the DAE, the Atomic Mineral Rules reinforce national interest safeguards while enabling scientific exploration and secure mineral development. Entities authorised under the Atomic Mineral Rules must be prepared for layered approvals, technical scrutiny, and high accountability. As India looks to harness its offshore atomic mineral potential, the Atomic Mineral Rules provide the legal and institutional scaffolding for secure and strategic resource governance.

Mines and Mineral

JSA's mining practice is handled by a team with in-depth domain expertise, and is spread across practice areas (corporate, disputes and finance). Our team of experienced lawyers works seamlessly to provide well rounded and comprehensive advice to our clients on all aspects of the mining industry, including:

- Grant and auction of mineral concessions (including mining leases, composite licences, and exploration licences);
- Investments, mergers and acquisitions;
- Regulatory Issues (including on transfer of concessions);
- Employment;
- Environment, health and safety;
- Taxation;
- Dispute Resolution and Litigation; and
- Project Finance.

The firm is regularly instructed by clients to provide legal and regulatory assistance on challenging assignments such as developing new model documents. The firm's clients include private agencies, banks and financial institutions, government departments, industrial forums, and investors. Notably, the team has been involved in the auction of over a billion dollars' worth of mineral blocks in recent years.

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