

Government of Odisha
Department of Steel & Mines

No. 3794 / SM, Bhubaneswar, dated the 14.5.2018
IV (BX) SM-198/2015

From
Sri B.N.Rath
Additional Secretary to Government

To
M/s NALCO,
Nalco Bhavan, Nayapalli,
Bhubaneswar-751061

Sub: Grant of ML Application dated.19.08.1992 for Bauxite over an area of Ha.1738.04.revised to Ha.697.979 in Pottangi Tahasil of Koraput District in favour of M/s NALCO.

Sir,

I am directed to intimate that the State Govt. have issued terms & conditions vide this Department letter No.5734/SM, dated 12.7.2016 for grant of ML in favour of M/s NALCO for Bauxite over an area of Ha.1738.04 in Pottangi Tahasil of Koraput district reserved in its favour under section 17A(1A) of MMDR Act,1957 vide Notification No.GSR 314(E), dated 27.04.2017 and No.GSR 411(E), dated 27.04.2017, both issued by the Ministry of Mines. The said terms and conditions have been duly accepted by NALCO vide its letter No.NBC/ED(R&T)/1556/2016 dated 27.12.2016.

However, subsequently, NALCO has requested for reduction of the area from Ha.1738.04 to Ha. 697.979 vide its letter No./CMD/269 dated 30.10.2017. The said proposal has been duly recommended to the Ministry of Mines and now, vide Notification No.GSR 255(E), dated 21.03.2018, the Ministry of Mines in supersession of its earlier notifications has reserved an area of Ha.697.979 under section 17 A (1A) of MMDR Act,1957 for undertaking prospecting or mining operation through M/s NALCO. Therefore, the State Government, in supersession of this Department letter No.5734/SM dated 12.07.2016 have been pleased to issue fresh LOI over the reduced area of Ha.697.979 for grant of ML.

In view of the above, I am directed to enquire whether you accept the following Terms and Conditions that would govern the grant of ML Application dated. 19.08.1992 for Bauxite over an revised area of Ha. 697.979 in village- Pottangi of Koraput district in favour of M/s NALCO for a period of fifty years reserved under section 17A (1A) of MMDR Act, 1957 vide Notification No. GSR 255(E), dated 21.3.2018 of Ministry of Mines. Your acceptance of the terms and conditions as per enclosed proforma should reach the Government on or before 13.06.2018 failing which it will be considered that you do not accept the conditions;

1. The lease will be subject to the rights and obligations laid down in the Format of Mining Lease in Schedule VII of Mineral (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016, or in a format as near thereto to be adopted by the State Government in addition to the following conditions.
2. In addition to the payments to be made by the lessee under chapter XIII of Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016 and rule 5 of Mineral. (Mining by Government Company) Rules, 2015, the lessee shall pay for every year except the first year of the lease, such yearly dead rent at the rates specified in the Third Schedule of the Act and if the lease permits the working of more than one mineral in the same area, the State Government shall not charge separate dead rent in respect of each mineral;

Provided that the lessee shall be liable to pay: (i) the aggregate of royalty in respect of all minerals; or (ii) the dead rent as specified in the Third Schedule to the Act prescribed for the highest value mineral, whichever is higher:

3. The lessee shall also pay for the surface area used by him for the purposes of mining operations, surface rent and water rate at such rate not exceeding the land revenue, water and cess assessable on the land, as may be specified by the State Government from time to time:

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4. The lessee shall commence mining operations within two years from the date of execution of the lease deed and shall thereafter conduct such operations in a proper, skillful and workman like manner.

For the purpose of this clause, mining operations shall include the erection of machinery, laying of a tramway, or construction of a road or any other operation undertaken for the purpose of winning of minerals;

5. The lessee shall not carry on or allow to be carried on, any mining operations at any point within a distance of fifty meters from any railway line, except under and in accordance with the previous written permission of the railway administration concerned or under or beneath any ropeway or ropeway trestle or station, except under and in accordance with the written permission of the authority owning the ropeway or from any reservoir, canal or other public works or buildings except under and in accordance with the previous written permission of any officer authorized by the State Government in this behalf.

The said distance of fifty meters shall be measured in the case of railway, reservoir or canal, horizontally from the outer toe of the bank or the outer edge of the cutting, as the case may be, and in case of a building, horizontally from the plinth thereof.

6. The lessee shall not, in the case of village roads (including any track shown in the revenue record as village road), allow any working to be carried on within a distance of ten meters of the outer edge of the cutting except with the previous permission of the Collector or any other officer duly authorized by the State Government in this behalf and otherwise than in accordance with such directions, restrictions and additions, either general or special, which may be attached to such permission.

7. The lessee shall keep accurate and faithful accounts showing the quantity and other particulars of (i) all minerals obtained and dispatched from the mine, and (ii) waste material excavated from the mine, the

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number and nationality of persons employed therein, and complete plans of the mine and shall allow any officer authorized by the Central Government or the State Government in this behalf to examine at any time any accounts, plans and records maintained by him and shall furnish the Central or the State Government with such information and returns as it or any officer authorized by it in this behalf may require.

8. The lessee shall keep accurate records of all trenches, pits and drillings made by the lessee in the course of mining operations carried on by the lessee under the lease and shall allow any officer authorized by the Central or the State Government to inspect the same. Such records shall contain the following particulars, namely:
 - (i) The subsoil and strata through which such trenches, pits or drillings pass;
 - (ii) Details of any mineral encountered; and
 - (iii) Such other particulars as the Central or the State Government may from time to time require;
9. The lessee shall allow any officer authorized by the Central or the State Government to enter upon any building, excavation or land comprised in the lease for the purpose of inspecting the same;
10. The State Government shall at all times have the right of pre-emption of the minerals won from the land in respect of which the lease has been granted: Provided that the average sale price as published by IBM prevailing at the time of pre-emption shall be paid to the lessee for all such minerals.
11. The lessee shall store and maintain accounts properly within the lease area of the unutilized or non-saleable sub-grade ores or minerals for future beneficiation.
12. In respect of any mineral which in relation to its use for certain purposes is notified as a mineral other than a minor mineral and in relation to its use for other purposes as a minor mineral, the lessee who holds a lease for extraction of such minerals under these rules whether

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or not it is specified as a mineral other than minor mineral in the lease deed, shall not use or sell the mineral or deal with it in whatsoever manner or knowingly allow anyone to use or sell the mineral or deal with it as a minor mineral.

Provided that if on an application made to the State Government in this behalf by the lessee, the State Government in consultation with Indian Bureau of Mines, is satisfied that having regard to the inferior quality of such mineral, it cannot be used for any of the purposes by reason of which use it can be called a mineral other than minor mineral or that there is no market for such mineral as a mineral other than minor mineral, the State Government may by order permit the lessee to dispose of the mineral in such quantity and in such manner as may be specified therein as a minor mineral:

13. The lessee shall, in the matter of employment, give preference to the tribals and to the persons who become displaced because of the taking up of mining operations.
14. The lessee shall restore, to the extent possible, the landform affected by mining operations.
15. The lessee shall comply with the provisions of the MMDR Act and the rules made there under including the rules made under Section 18:
16. The lessee shall not erect, place or set up any building or thing and shall not carry out any surface operations on, in or upon any public ground, burning or burial ground or place held sacred by any class of persons or any house, village site, public road or other place which the State Government may determine as a public ground;
17. The lessee shall not carry on his operations in a manner that would injure or prejudicially affect any buildings, works, property or rights of other persons and no land will be used by the lessee for surface operations which is already occupied by persons other than the State Government for works or purposes not included in the mining lease.
18. The lessee shall not interfere with any right of way, well or tank.

19. The lessee shall, prior to using any land for surface operations which has not already been used for such operations, give written notice of two calendar months to the Collector of the District specifying the name or other description of the situation and the extent of the land proposed to be soused and the purpose for which the same is required and the said land shall not be used by the lessee if any objection is issued by the Collector within two months of receipt of the lessees notice, unless the objections so stated shall on reference to the State Government be annulled or waived;
20. The lessee shall allow reasonable facilities of access to any existing and future holders of Government licenses or leases over any land which is comprised in or adjoins or is reached by the land held by the lessee:
Provided that no substantial hindrance or interference shall be caused by such holders of licenses or leases to the operations of the lessee and fair compensation (as may be mutually agreed upon or in the event of disagreement as may be decided by the State Government) shall be paid by them to the lessee for any loss or damage sustained by the lessee by reason of the exercise of this liberty;
21. The State Government or any lessee or person authorized by it in that behalf by the State Government shall have the right to enter into and upon the leased lands and to construct upon, over or through the same, any railways, tramways, roadways or pipelines for any purpose authorized by the State Government and to get from the said lands, stones, gravel, earth and other materials for making, maintaining and repairing such railways, tramways, roads or any existing railways and roads: and;
22. To pass over or along any such railways, tram ways, road lines and other ways, at all times, with or without horses, cattle or other animals, carts, wagons, carriages, locomotives or other vehicles for all purposes:

Provided that in the exercise of such liberty and power by such other lessee or person authorized by the State Government, no substantial hindrance or interference shall be caused to or with the liberties, powers and privileges of the lessee and fair compensation as may be mutually agreed upon or in the event of disagreement, as may be decided by the State Government, shall be made to the lessee for all loss or damage substantial hindrance or interference caused to the lessee by such other lessee or person authorized by the State Government.

23. The lessee shall at his own expense erect, maintain and keep in repair all boundary pillars according to the Act and rules made there under with respect to the manner of construction and upkeep of boundary pillars:-

- i. each corner of the lease areas shall have a boundary pillar (corner pillar);
- ii. there shall be erected intermediate boundary pillars between the corner pillars in such a way that each pillar is visible from the adjacent pillar located on either side of it;
- iii. the distance between two adjacent pillars shall not be more than fifty meters;
- iv. the pillars shall be of square pyramid frustum shaped above the surface and cuboid shaped below the surface;
- v. each pillar shall be of reinforced cement concrete;
- vi. the corner pillars shall have a base of 0.30m X 0.30m and height of 1.30 m of which 0.70 m shall be above ground level and 0.60m below the ground;
- vii. the intermediate pillars shall have a base of 0.25m X 0.25m and height of 1.0 m of which 0.70m shall be above ground level and 0.30m below the ground;

- viii. all the pillars shall be painted in yellow colour and the top ten centimeters in red colour by enamel paint and shall be grouted with cement concrete;
 - ix. on all corner pillars, distance and bearing to the forward and backward pillars and latitude and longitude shall be marked;
 - x. each pillar shall have serial number in a clockwise direction and the number shall be engraved on the pillars.
 - xi. the number of pillar shall be the number of the individual pillar upon the total number of pillars in the lease;
 - xii. the top of all the corner boundary pillars shall be a square of 15 centimeter on which a permanent circle of 10 centimeter diameter shall be drawn by paint or engraved and the actual boundary point shall be intersection of two diameters drawn at 90 degrees;
 - xiii. the lease boundary survey shall be accurate within such limits of error as the Controller General, Indian Bureau of Mines may specify in this behalf;
 - xiv. the location and number of the pillars shall also be shown in the surface and other plans maintained by the lessee; and
 - xv. in case of forest area within the lease, the size and construction and colour of the boundary pillars shall be as per the norms specified by the Forest Department in this behalf."
24. The lessee shall make and pay such compensation as maybe assessed by lawful authority in accordance with the law in force on the subject for all damage, injury or disturbance which may be caused by the lessee in exercise of the powers granted to him and shall indemnify and keep indemnified, fully and completely, the State Government against all claims which may be made by any person or persons in respect of any such damage, injury or disturbance and all costs and expenses in connection therewith:

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25. The lessee shall strengthen and support to the satisfaction of the railway administration concerned or the State Government as the case may be, any part of the mine which, in his opinion, requires such strengthening or support for the safety of any railway, reservoir, canal, road and any other public works or structures.
26. The lessee shall send to the Collector without delay, a report of any accident causing death or serious bodily injury or serious injury to property or seriously affecting or endangering life or property which may occur in the course of its mining operations.
27. The lessee shall maintain a copy of the mining plan at the mine office situated in the leased area.
28. The lessee shall not employ, in connection with the mining operations, any person who is not an Indian national except with the previous approval of the Central Government.
29. The lessee shall allow any officer authorized by the Central Government or the State Government to inspect the leased area at all reasonable times and shall also supply on demand of the State Government or the Director General, Geological Survey of India or the Controller General, Indian Survey of Mines, all applicable plans and sections of the leased area as also the quantity of reserve quality-wise.
30. The lessee shall unless specifically exempted by the State Government provide and at all times keep or maintain the pit head at each of the pit heads at which the minerals shall be brought to bank, a properly constructed and efficient winching system/mechanism and shall weigh or cause to be weighed thereon all the said minerals, from time to time, brought to bank, sold, exported and converted and also the converted products. The lessee shall at the close of each day cause the total weights ascertained by such means of the said minerals, ores products raised, sold, exported and converted during the previous twenty four hours, to be entered in the books of accounts.

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maintained by the lessee. The lessee shall at all times during the term of the lease permit the State Government to employ any person or persons to be present at the weighing of the said minerals as aforesaid and to keep accounts thereof and to check the accounts kept by the lessee. The lessee shall give seven days previous notice in writing to the Collector of every such measuring or weighing in order that he or some officer on his behalf may be present thereat.

31. The lessee shall at any time or times during the term of the lease allow any person or persons appointed in that behalf by the State Government to examine and test every weighing machine to be provided and kept as aforesaid and the weights used therewith in order to ascertain whether the same respectively are correct and in good repair and order. If upon any such examination or testing, any such weighing machine or weights shall be found incorrect or out of repair or order, the State Government may require that the same be adjusted, repaired and put in order by and at the expense of the lessee. If such requisition is not complied with within fourteen days after the same has been made, the State Government may cause such weighing machine or weights to be adjusted, repaired and put in order at the expense of the lessee. If upon any such examination or testing as aforesaid, any error is discovered in any weighing machine or weights to the prejudice of the State Government, such error shall be regarded as having existed for three calendar months prior to the discovery thereof or from the last occasion of so examining and testing the same weighing machine and weights, in case such occasion is within the said period of three months, and the lessee shall pay the rent and royalty accounted for accordingly:
32. If the lessee fails to carry out or perform any of its obligations hereunder or under the lease deed within the time specified in that behalf, the State Government may cause the same to be carried out or performed and the lessee shall pay the State Government on

demand all expenses incurred in this regard by the State Government and the decision of the State Government as to such expenses shall be final:

33. Failure on the part of the lessee to fulfill any of the terms and conditions of the Act and rules made there under or under the mining lease shall not give the Central Government or State Government any claim against the lessee or be deemed a breach of the lease, in so far as such failure is considered by the relevant Government to arise from force majeure. In the event of any delay by the lessee to fulfill any of the Terms and Conditions of the Act and rules made there under or under the mining lease on account of a force majeure event, the period of such delay shall be added to the period fixed by these rules or the mining lease.

In this clause the expression "force majeure" means act of God, war, insurrection, riot, civil commotion, strike, earth quake, tide, storm, tidal wave, flood, lightning, explosion, fire, earthquake and any other happening which the lessee could not reasonably prevent or control:

34. The lessee may after paying the rents, rates and royalties payable under the Act and rules made there under or under the lease deed, at the expiry or sooner termination of the lease term or within six calendar months thereafter (unless the lease is terminated for default of the lessee and in that case at anytime not less than three calendar months nor more than six calendar months after such termination) take down and remove for its own benefit, all or any ore mineral excavated during the currency of the lease, engines, machinery, plant, buildings, structures, tramways, railways and other works, erections and conveniences which may have been erected, set up or placed by the lessee in or upon the leased lands and which the lessee is not bound to deliver to the State Government or which the State Government does not desire to purchase:

35. If at the end of six calendar months after the expiry or sooner termination of the lease term, there shall remain in or upon the leased land, any ore or mineral, engines, machinery, plant, buildings, structures, tramways, railways and other work erections and conveniences or other property which are not required by the lessee in connection with operations in any other lands held by it under prospecting license or mining lease, the same shall, if not removed by the lessee within one calendar month of being notified to do so by the State Government, be deemed to become the property of the State Government and may be sold or disposed of in such manner as the State Government shall deem fit without liability to pay any compensation or to account to the lessee in respect thereof.
36. The lessee shall report to the State Government, the discovery in the leased area of any mineral not specified in the lease within a period of sixty days from the date of such discovery and shall not win and dispose of such discovered mineral.
- Provided that the holder of a mining lease granted through auction may win and dispose the mineral discovered only after inclusion of such discovered mineral in the mining lease deed.
- Provided further that holder of a mining lease not granted through auction shall have no right over the discovered mineral and shall not dispose of such mineral. In such case the State Government may exercise its right of preemption with respect to such mineral and pay to the holder of Mining lease cost of production for such mineral.
37. Upon grant of mining lease, the State Government shall make arrangements, at the expense of the lessee, for the survey and demarcation of the area granted under the lease and survey of area leased shall be conducted by Total Station and Differential Global Positioning System.

38. Subject to the conditions mentioned in this rule, the lessee shall, with respect to the land leased to him, have the right for the purpose of mining operations on that land
- (a) to work the mines;
 - (b) to sink pits and shafts and construct buildings and roads;
 - (c) to erect plant and machinery;
 - (d) to quarry, and obtain building and road materials and make bricks;
 - (e) to use water and take timber;
 - (f) to use land for stacking purpose;
 - (g) to do any other thing specified in the lease.
39. If the lessee does not allow entry or inspection under clause (f), (g) or (h) of sub-rule (1) of Rule 12 the State Government shall give notice in writing to the lessee requiring him to show cause within such time as may be specified in the notice why the lease should not be terminated and his Performance Security forfeited, and if the lessee fails to show cause within the aforesaid time to the satisfaction of the State Government, the State Government may terminate the lease and forfeit the whole or part of the Performance Security.
40. If the lessee holding a mining lease is convicted of illegal mining and there are no interim orders of any court of law suspending the operation of the order of such conviction in appeals pending against such conviction in any court of law, the State Government may, without prejudice to any other proceedings that may be taken under the Act or the rules made there under, after giving such lessee an opportunity of being heard and for reasons to be recorded in writing and communicated to the lessee, terminate such mining lease and forfeit whole or part of Performance Security.
41. If the lessee makes any default in the payment of royalty as required under Section 9 or payment of dead rent as required under Section 9-A or payment of the amount as required under Section 9-B or Section

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9-C or payment under Rule 13 of the Mineral (Auction) Rules, 2015 or commits a breach of any of the conditions specified in sub-rules (1), (2), (3), and (4) of Rule 12 of the M.C. Rules, 2016 the State Government shall give notice to the lessee requiring him to pay the royalty or dead rent or remedy the breach, as the case may be, within sixty days from the date of receipt of the notice and if the royalty or dead rent is not paid or the breach is not remedied within the said period, the State Government may, without prejudice to any other proceedings that may be taken against him, terminate the lease and forfeit the whole or part of the Performance Security.

42. The lease will be granted for a period of fifty years subject to submission of duly approved mining plan within a period of six months from the date of issue of this letter. If the mining plan is not received within the stipulated time period, then action will be taken to reject the application without further reference to the lessee.
43. The lessee will obtain the approval of Ministry of Environment & Forest and Climate Change, Government of India under section 2 of Forest (Conservation) Act, 1980 over the forest land involved in the lease area, if any.
44. The assignment will be liable to cancellation if it will be found that it was in excess of the limit of the authority possessed by the State Government.
45. The assignment will be subject to the result of any appeal or revision that may be preferred by any aggrieved party against the decision of the State Government granting the lease and in the event of the cancellation of the assignment or the decision of the Government of Odisha to lease out the area to you, either on such appeal or in revision, you shall not be entitled to compensation for anything done or attempted to be done in pursuance of the order.
46. The assignment is subject to the conditions that subject to the provisions of Article 226 of the Constitution of India, any suit of

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petition in relation to any dispute arising out of the leased area should be filed in the civil courts in the State of Odisha.

47. The lessee shall also pay the amount as may be notified by the Central Government under rule 5(1) of the Minerals (Mining by Government Company) Rules, 2015 read with sub section (2-C of section 17-A of the MMDR Act, 1957.

48. The lessee shall abide by the following special condition approved by the Central Government under rule 12(4) of Minerals (Other than Atomic and Hydrocarbon Energy Minerals) concession Rules, 2016;

"Mineral won or produced from the Pottangi lease shall be utilized exclusively for the end-use industries of NALCO within the State."

Yours faithfully,


Additional Secretary to Government

Memo No. 3795 /SM, Bhubaneswar, the 14.5.2018
Copy forwarded to the Director of Mines, Bhubaneswar/ Deputy Director of Mines, Koraput for information and necessary action with reference to this Department Memo No.5735/SM, dated 12.07.2016.


Additional Secretary to Government

Memo No. 3796 /SM, Bhubaneswar, the 14.5.2018
Copy forwarded to the Collector, Koraput for information and necessary action with reference to this Department Memo No.5736/SM, dated 12.07.2016.


Additional Secretary to Government

Memo No. 3797 /SM, Bhubaneswar, the 14.5.2018
Copy forwarded to the Joint Secretary to Govt. of India (Sri Niranjan Kumar Singh), Ministry of Mines, Shastri Bhawan, New Delhi for information with reference to their Notification No.255(E), dated 21.03.2018.


Additional Secretary to Government