Assam-Nagaland Oil Deal: Reviving a 30-Year-Old Energy Opportunity

June 14, 2026 • vajiramandravi.com

Assam-Nagaland Oil Deal Latest News

- The Union government, Assam, and Nagaland have signed a tripartite Memorandum of Understanding (MoU) to restart oil and gas exploration along their **disputed border area** — something that has been stalled for three decades.
- The agreement was signed in the presence of Home Minister Amit Shah, Petroleum Minister Hardeep Singh Puri, Assam CM Himanta Biswa Sarma, and Nagaland CM Neiphiu Rio.

Background: Why Was This Area Off-Limits for 30 Years

- The Northeast is called the **birthplace** of India’s oil and gas industry. Assam, in particular, is one of India’s major oil and gas producing states.
- However, a stretch of land along the Assam-Nagaland border — known as the Disputed Area Belt (DAB) — has remained a no-go zone for oil and gas exploration for three decades due to boundary disputes and law

and order problems between the two states.

- This area is believed to hold promising hydrocarbon reserves, but they have remained untapped simply because the two states could not agree on resolving the border dispute first.

About the New MoU

- The MoU does not resolve the border dispute itself. Instead, it creates a **practical working arrangement** so that oil and gas exploration can begin despite the unresolved boundary issue.
- Key features include:
  - It covers more than 1,000 sq km of the disputed border area.
  - It sets up a **coordinated framework** for mineral oil operations — ensuring smooth operations, safety and security of workers and equipment, and proper coordination between the Centre, Assam, and Nagaland.
  - Importantly, both states have agreed not to let the border dispute become an obstacle to oil exploration — treating these resources as national wealth.
  - Beyond the six already-identified oil and gas fields, Nagaland has agreed to allow oil exploration across the entire state.

Significance of The New MoU: The Energy Security Angle

- India currently depends on imports for over **88% of its crude oil** needs and about **half of its natural gas** needs.
- This heavy dependence on imports creates several problems for the economy:
  - When global oil prices rise, India's import bill increases, which widens the trade deficit and puts pressure on foreign exchange reserves and the value of the rupee.
  - It can also push up domestic inflation, since fuel prices affect the cost of almost everything else.
- This concern has become more urgent recently because of the ongoing West Asia conflict, which has led to the effective closure of the Strait of Hormuz — a critical waterway through which much of the world's oil passes.
- This has caused both higher prices and supply disruptions for countries like India.
- By boosting domestic production, India can reduce its reliance on such volatile international supply routes — making this MoU a small but meaningful step toward energy self-reliance (Atmanirbharta).

How Big Is the Potential

- Assam alone holds nearly **22%** of India's crude oil reserves and around **15%** of the country's natural gas reserves.
- Nagaland has major **untapped hydrocarbon** potential in a geological formation called the **Naga-Schuppen Belt**, part of the larger **Assam-Arakan Basin**.
- Home Minister Amit Shah noted that current oil production from the Northeast stands at just 1,000-1,500 barrels per day, but this agreement could help increase production by more than tenfold over time.
- He also pointed out that this would mark Nagaland's return to oil production after 31 years.

Why Does This Matter Beyond Oil

- The government sees this MoU as more than just an energy deal — it is being framed as a **model for resolving development bottlenecks** caused by border disputes across the Northeast.
- Officials indicated that this tripartite cooperation framework could pave the way for similar mineral exploration and mining agreements across the entire Northeast region — a region known to have significant untapped mineral wealth besides oil and gas.
- For Assam and Nagaland themselves, officials say the agreement opens up a major pathway for economic development — since unresolved disputes had kept valuable resources locked away and held back investment for decades.

Conclusion

- For three decades, an unresolved border dispute kept valuable oil and gas reserves buried — both literally and figuratively.
- By choosing **cooperation over confrontation**, Assam and Nagaland have unlocked not just hydrocarbon potential, but a template for how India's Northeast can turn old disputes into shared development.

Source: IE | PIB
