

Consumer No. \_\_\_\_\_



# SUI NORTHERN GAS PIPELINES LIMITED

## CONTRACT FOR THE SUPPLY OF GAS FOR COMMERCIAL USE

BY THIS CONTRACT, made between SUI NORTHERN GAS PIPELINES LIMITED incorporated under the Companies Ordinance 1984, and having its registered office at 21, Kashmir Road, Lahore (hereinafter referred to as the "Company"), and (full name, description and postal address of the Consumer for submission of natural gas bills)

### DEPOSIT PAID

Amount Rs. \_\_\_\_\_  
Receipt No \_\_\_\_\_  
Receipt Date \_\_\_\_\_

Name in Block Letters \_\_\_\_\_

Natural gas Load MCF/day, CFT/hour \_\_\_\_\_ Type of Business \_\_\_\_\_

Type of Process/ Product \_\_\_\_\_

Natural gas required for (Full Description of Purpose) \_\_\_\_\_

i) Natural gas Supply Address \_\_\_\_\_

Telephone No. \_\_\_\_\_ Fax No. \_\_\_\_\_ Email \_\_\_\_\_

ii) Business Address \_\_\_\_\_

Telephone No. \_\_\_\_\_ Fax No. \_\_\_\_\_ Email \_\_\_\_\_

Type of Company:  Public Limited  Private Limited  Partnership  Sole Proprietorship

(hereinafter called "the Consumer") the Consumer agrees to purchase from the Company and the Company agrees to supply natural gas to the Consumer, at (full description and location of the premises)

for commercial use at the above noted premises as an end Consumer from the \_\_\_\_\_ day of \_\_\_\_\_ upon the terms and conditions set forth hereinafter and upon the statutory terms and conditions (if any) at the prevailing rate both for the natural gas consumed and for hire of the meter particulars hereof are set out below:-  
(In the context of this Contract, Authority/Competent Authority means Oil and Gas Regulatory Authority or any other successor thereof assigned by the Government).

### TERMS AND CONDITIONS

#### 1. SECURITY DEPOSIT

- (i) Consumer, immediately at the time of the execution of this Contract shall pay to the Company the sum of Rs. \_\_\_\_\_ as the "Security Deposit" in cash or bank guarantee or in any other form as approved and offered by the Company from time to time equivalent to 3 months estimated natural gas consumption during an year, inclusive of meter rent and all Government taxes as the "Security Deposit" in cash or bank guarantee from any scheduled bank in Pakistan, in accordance with the enclosed proforma, or in any other form as may be required by the Company. The security if deposited in the form of cash will entitle the Consumer to earn interest at the rate fixed by the Company from time to time, adjustable against outstanding bills on yearly basis. If during the course of this Contract the Security Deposit, in the sole discretion of the Company, is insufficient to cover three billing months supply either in case of cash deposit or bank guarantee, or not equivalent to the alternative option offered by the Company, then the Company may by notice to the Consumer increase the Security Deposit and upon such notice, the Consumer shall become liable to forthwith pay the increased amount or furnish a bank guarantee for the increased amount to the Company.
- (ii) If subsequent to the execution of this Contract by the Consumer and the Company:-
- the Consumer shall desire installation of additional burner, equipment entailing increase in consumption of natural gas by the Consumer subject to the prior approval of the Company or the usual consumption of natural gas by the Consumer shall be otherwise increased;
  - or the price of natural gas or rent for the meter shall be increased in accordance with the terms of this Contract;
  - or any new tax or charge shall be levied on natural gas by any Government or local or other authority or any such tax or charge already levied on natural gas shall be increased;
- then in addition to the sum mentioned in sub-clause (i) above, the Company shall have the right to demand from the Consumer and the Consumer on such demand shall pay to the Company such amount in cash or furnish a bank guarantee in lieu of this amount from any scheduled bank in Pakistan, in accordance with the enclosed proforma, on account of additional deposits as the Company may deem necessary or expedient. Provided the total amount required to be deposited under sub-clause (i) of this clause shall not exceed the amount which, according to the estimate that the Company may from time to time make, the Consumer shall pay to the Company under this Contract on account of estimated consumption of natural gas in three months together with taxes and charges payable thereon and three months rent for the meter.
- (iii) The Security Deposit if in cash is a security to be retained by the Company for the duration of this Contract and the Company may at its option use the Security Deposit for the purposes of the Company from time to time. The Company shall be entitled to set off from the amount of Security Deposit any amounts due from the Consumer to the Company on any account whatsoever. No connection for natural gas being supplied hereunder will be activated or maintained in the absence of the Consumer paying the appropriate prevailing Security Deposit to the Company or furnishing an appropriate bank guarantee for such amount as contemplated by this Clause.
- iv) The Consumer undertakes to maintain Security Deposit at the required level throughout the duration of the Contract and in the event of any draw or deduction by the Company from the Security Deposit or the consumption of natural gas and/or connected load increases for any reason whatsoever beyond the level of current Security Deposit or natural gas consumption increases beyond the normal consumption of existing equipments, the Consumer undertakes to deposit the Security Deposit on demand being made by the Company so it is maintained at the level required by the Company.
- v) If the Security Deposit is in the form of a bank guarantee, the Company may encash the said guarantee to recover amounts certified as being due from the Consumer to the Company. In addition, the Company may encash the bank guarantee if less than fortnight remains for its validity and an adequate replacement is not furnished by the Consumer to the satisfaction of the Company. Despite the above, the Company reserves the right to disconnect the supply of the Consumer in case of failure to deposit the additional Security Deposit by him, within the time limit given by the Company in the notice issued to the Consumer.

#### 2. PRICE

- (i) Subject to the provisions hereinafter made, the Consumer shall pay to the Company for all natural gas supplied to the Consumer at the prevailing rates notified by the Authority. Notwithstanding the foregoing, the Consumer shall be liable to pay the minimum charges, if the consumption during any billing month, falls below the consumption level representing the minimum charges, as notified by the Authority from time to time.
- (ii) The price of natural gas charged by the Company to the Consumer as set forth in the bills of the Company, shall be binding on the Consumer and the Consumer agrees to pay the same. The price of natural gas supplied is subject to change from time to time by the Authority and any new price shall be binding on the Consumer payable effectively as and when specified by the Authority. The Company shall not be obliged to provide any notice of change or contemplated change in the price to the Consumer.

#### 3. METER RENT

The Consumer shall also pay to the Company rent of the meter at the rate prescribed by the Company and approved by the Authority from time to time from the date on which the meter is fixed up to the date when the same shall be removed, provided if the quantity of natural gas consumption necessitates replacement of meter by a meter of different size, the Consumer shall pay rent of the new meter at the rate prescribed by the Company and approved by the Authority for such meter. The rent of the meter is subject to revision, from time to time, with the prior approval of the Authority.

4. **OTHER CHARGES**

(i) In addition to the price of natural gas, meter rent and Security Deposit, the Consumer shall also pay to the Company all taxes or charges levied or imposed upon natural gas on sale or supply or distribution of natural gas by the Government or Local or other authority or any increase in the rate or charges of natural gas by the producers/purifiers of natural gas as notified by the Authority under applicable law from time to time, irrespective of the fact whether the same has been intimated or not, to the Consumer by the Company.

(ii) The Consumer shall also pay to the Company applicable charges as approved by the Authority towards testing the houseline before commissioning the natural gas supplies, where houseline was already installed and/or installed and tested under a previous Contract.

(iii) The Consumer shall be solely and fully responsible for the repair and maintenance of the internal piping / houseline and natural gas installations after the meter. The Consumer shall install the internal piping/houseline through such contractors/persons as are licensed for this purpose by the Company. The Consumer may, however, request the Company for installation of the internal piping / houseline on payment of such charges as are fixed by the Company from time to time. The Company, in such an eventuality, shall meet this requirement depending on the availability of manpower and materials.

5. **TITLE AND OWNERSHIP OF GAS METER AND OTHER APPURTENANCES.**

i) All pipes and fittings from the natural gas main to the property line will be provided by the Company and shall remain Company's property. All pipes and fittings on and within the property line will be provided by and installed at the expense of the Consumer and the Company will not be responsible for leakage of natural gas from, nor repairs to such pipes or fitting. The main cock, service regulator, inlet pipe of meter and the meter rented from the Company will be fixed and kept in good repair by the Company free of charge. However, the Consumer shall be liable for the damage done to the gas meter and other appurtenances due to tampering.

ii) Company's meter, the registering index of the meter, pressure regulator(s), pressure recording gauge and meter by-pass valves shall be sealed by the Company's authorized representative using Company's authorized seal in the presence of the Consumer or his authorized representative. The Consumer will then be responsible to ensure that the Company's meter is not tampered with and if any such tampering is found, it shall be at the sole liability of the Consumer. The Company's authorized representative shall check the meter in the presence of the Consumer or his authorized representative and will record after inspection of the meter, its condition and the index number.

iii) Except in the case of damage due to natural calamity, the Consumer shall be responsible for the safety of the meter as well as the service regulator, main cock and inlet pipe of the meter from theft, loss, damage, etc., during the period of this Contract and since these are fitted for the purposes of ensuring continued natural gas supply to the Consumer at his premises, Consumer shall, in case of such eventuality, be responsible for the payment of the price of such meter, EVC, regulator, cock, pipe, filter assembly and other appurtenances etc., if replacement is required.

(iv) The Company shall retain the title and ownership of all regulators, meters, pipes, valves, devices and other appurtenances placed by it at the said premises and may remove or replace the same at any time before or after the termination/cancellation of the Contract without any prior notice to the Consumer.

6. **HOUSELINE INSTALLATION, MODIFICATION AND ALTERATION**

(i) All pipes and fitting after the natural gas meter will be termed as internal piping / houseline. It shall be the responsibility of the Consumer that he has the internal piping / houseline and any modification/alteration thereto installed in accordance with the design and material specification provided by the Company and tested for safe operation to his satisfaction. The Consumer hereby agrees that the houseline will be installed and tested by a licensed contractor/person of the Company (or by the Company's representative) in accordance with the layout plan approved by the Company, before the natural gas connection is provided to Consumer's premises. However, in case of any mishap due to Consumer's negligence, the Company shall not be held liable for any loss or damage. Furthermore, if there is any loss of natural gas after the meter in internal piping/houseline etc., the Consumer shall be liable to pay for the same.

(ii) The Company shall, prior to providing natural gas to the premises:

a) Check the installation to ensure that it meets the standards of good workmanship for safe supply of natural gas; and

b) Test the installation for checking leakages using the technical standards for testing as laid down by the Authority.

(iii) Company has the right to inspect the houseline of the Consumer at all reasonable times to verify proper maintenance and compliance with safety standards and to inspect connected gas load and gas burning equipments.

7. **METER INSTALLATION**

(i) The gas meter shall normally be installed by the Company at the property boundary/common passage of the Consumer, at an appropriate location as determined by the Company in consultation with the Consumer. The Consumer shall provide adequate space as per Company's technical and safety requirements for the meter station / meter at the boundary wall, within the Consumer's premises, nearest to the Company's gas main/service with an independent approach from outside the boundary wall.

If, at any time, the property boundary where the natural gas meter is installed turns out to be of someone other than the Consumer having any objection to the installation of the natural gas meter, the Company shall be at liberty to remove the natural gas meter after service of notice and giving the Consumer an opportunity to provide alternate place for installation of meter and to disconnect the natural gas supply till such time that alternate place is provided by the Consumer for the installation of the natural gas meter, which shall be entirely at the expense of the Consumer. The Company may, if there is some physical limitations, install the meter at the property boundary of another person subject to the Consumer providing "No Objection Certificate" from the owner of that property. In case of any encroachment around the meter thereby restricting free access to the said meter, it shall be the responsibility of the Consumer to arrange for its clearance in liaison with the concerned authority or neighbour.

(ii) The company shall have the right to relocate the meter and other installations/property of the company to any other suitable location for safety, security, unhindered meter reading and inspection. The Consumer shall provide necessary space in such an event. If the relocation of the meter and other appurtenances is requested by the Consumer it will be carried out at Consumer's cost.

8. **FURTHER CONNECTIONS/ALTERATIONS**

(i) The Company shall have the right to provide further connections to other parties or premises from the service/ supply main installed for the purpose of supplying natural gas to the above mentioned premises of the Consumer.

(ii) Alteration in or additions to natural gas installations will be made only by the Company, but the Company, may in exceptional cases exercise its discretion to permit the Consumer to undertake alterations in or additions to the natural gas installations through its approved contractors. Such permissions must be obtained in writing from the Company in advance.

9. **METER INSPECTION**

No meter shall be connected to or disconnected from the Company's natural gas pipe except by the authorised workmen of the Company. The meters shall be inspected periodically by the Company. The Consumer shall ensure that Company's authorised representative(s) shall have free access at all reasonable times to inspect, adjust or replace the meters or other fittings or appurtenances without hindrance.

10. **MEASUREMENTS AND METER REGISTER**

(i) The unit of volumetric measurement shall be one cubic foot of natural gas measured at absolute pressure of 14.65 pounds per square inch and temperature of 60 degree Fahrenheit (or equivalent in metric measure) without adjustment for water vapour content. However, required correction factors such as pressure, flowing temperature, specific gravity, deviations from Boyle's Law, etc shall be applied wherever applicable. The natural gas delivered hereunder shall be measured in accordance with methods in use in the industry generally and recommended by the Gas Measurement Committee of the Natural Gas Department of the American Gas Association, applied in a practical manner or any such other method approved by the Authority from time to time.

(ii) The volume of natural gas consumed by the Consumer shall be measured by an accurate meter installed by the Company. The volume shall be measured in terms of cubic feet or cubic meters which will be converted to British Thermal Units (BTUs) with the application of Gross Calorific Value (GCV) measured accurately at appropriate location as determined by the Company and the Consumer shall be billed on the basis of actual BTUs supplied.

(iii) The register of the meter maintained by the Company shall be prima facie evidence of the volume of natural gas consumed, but should the accuracy of the meter be disputed and the meter be officially tested and be found to register erroneously, the meter shall, if the period of inaccuracy is not known or ascertainable, be deemed to have registered erroneously to the degree so found for the past 60 days and the period of adjustment on either side shall not exceed 60 days. This clause shall not be applicable in case, where the Consumer is found to have been responsible directly or indirectly in tampering with the natural gas meter and auxiliary instruments in any way. The Company shall not be liable to pay any amount to the Consumer in respect of any such adjustment and the same will take place by making appropriate adjustments in future or current bills of the Consumer.

(iv) In case, the meter, for any reason whatsoever, ceases or omits to register regularly the volume of natural gas supplied, the Consumer shall pay to the Company for the natural gas supplied to him during the period the meter remained out of order or for a period of 12 (Twelve) months, whichever is less, on the basis of bill for the preceding or following 2 (Two) months consumption whichever is higher. However, for consumers having seasonal consumption/pattern, adjustment shall be charged on the basis of corresponding month's consumption of previous year.

- (v) In case the meter/ meter station of a Consumer is found damaged due to any act on part of the Consumer or due to unauthorized increase in natural gas load, the Consumer shall be liable to pay to the Company full cost of the meter or cost of any component found damaged, as determined by the Company in addition to the cost of ancillary overheads and consequential loss of estimated natural gas as calculated by the Company provided that the period for recovery of such loss of natural gas shall not exceed 12 (Twelve) months or any other period as approved by the Authority from time to time.
- vi) In case the meter station is damaged partially or completely due to negligence or mishandling by Consumer, then Consumer shall bear full construction cost of damaged components including the cost of meter, EVC, regulator, filter assembly and other appurtenances, ancillary overheads, as determined by the Company.
- 11. BILLING**
- (i) The accounts will be furnished periodically. This period may be 30 to 45 days or shorter period depending on the prevailing policy of the Company in this respect. Any change in this respect will be at the sole discretion of the Company but the Consumer will be duly notified at least 15 days in advance. The bills pertaining to natural gas consumption based on the above accounts are payable on demand irrespective of any deposit in hand. The accounts/bills are to be paid at the Company's office or at authorized bank within 15 days of the date of issue. In default thereof interest at the rate of 1.5% per month for first year and thereafter 2% per month on the outstanding amount of the gas bills without compounding shall be payable in addition to the bill amounts, subject to change from time to time with the approval of the Authority. After the bills/accounts have been furnished and paid, if the Company at any time discovers any errors, omissions or discrepancy in any such accounts/bills due to any reason whatsoever, the Company shall be entitled to bring such discrepancy to the notice of the Consumer and furnish correct accounts/bills which the Consumer undertakes to pay within 15 days of the date of such correction and issuance of notice by the Company to the Consumer.
- (ii) If the Consumer finds any mistake in the bill, he should bring it to the notice of the Company upon receipt for correction. Any mistake in the bill shall not entitle the Consumer to withhold payment of the bill in time and an adjustment, if required, shall be made in the following bills. Similarly, if the Company finds any mistake in the bill sent to the Consumer, the Company shall, upon having discovered the mistake, be entitled to send the correct bill and the Consumer shall be liable to pay the same provided that no correction can be claimed by either party after lapse of twelve months from the date of issue of the bill.
- (iii) In case meter cannot be read due to any reason, the Company shall submit provisional bill based on the average of past two months consumption, or on the basis of connected load if billing record is not available and the Consumer shall make payment against that bill within due date. The Company shall adjust the estimated consumption against actual reading in the following billing period and bill the Consumer for the difference. The Consumer shall make payment against each bill within due date.
- 12. PAYMENT**
- (i) All bills pertaining to natural gas consumption and/or other charges are payable within 15 days of the date of issue (hereinafter referred to as "due date"), as shown on the bills.
- (ii) The responsibility for making payment is that of the Consumer. If the first bill is not received by the Consumer within 90 days of commissioning of natural gas supply and thereafter if any subsequent bill is not received by the Consumer, within 25 days after the last bill's due date, the Consumer shall communicate with the Company in order to ascertain his liability for payment and obtain a duplicate bill. If the Consumer fails to pay the bill by the due date, the Company shall be entitled to disconnect the supply of natural gas and to remove its natural gas meter and other equipment after serving due notice of disconnection. A notice printed on the natural gas bill conspicuously shall be considered sufficient for this purpose. All bills sent by the Company at the registered address, by ordinary post or delivered by hand at the said address shall be considered sufficient delivery of the bills/notices to the Consumer by the Company intimating the Consumer's liability to payment for natural gas consumed.
- (iii) Payment shall be made within the due date either, in cash or through a bank pay order or any other authorized mode of payment in favour of "Sui Northern Gas Pipelines Ltd." to the authorized banks or any other authorized collecting agent. Payment by cheque will not be considered payment unless it is realized. If any cheque is not realized within 7 days from the date of deposit in the bank by the Company, the supply of natural gas shall be rendered liable to disconnection after serving due notice of disconnection.
- iv) Payment must be made on or before the due date failing which the supply of natural gas is liable to be terminated after serving due notice of disconnection. Notwithstanding such disconnection/ termination of natural gas supply, the Consumer shall pay to the Company the full amount of natural gas bill upto and including the date of disconnection together with the late payment surcharge accrued thereon as stipulated in clause 11 (i) above.
- 13. UNAUTHORISED CONNECTION**
- The Consumer shall not obtain or extend any connection to or from his premises or from the premises of any other Consumer or from any other un-authorized source.
- 14. COMPANY'S RIGHT TO REDUCE/INTERRUPT/CURTAIN SUPPLIES**
- (i) As the production of natural gas from wells, purification plants and conveyance of it over-long distances are subject to accidents, interruptions and failures and the lines and equipment to malfunctioning, breaking, freezing, failures and closing which cannot be foreseen or prevented by any reasonable care or expenditure and as the supply of natural gas and transportation facilities are limited, the Company does not by this Contract undertake to furnish to the Consumer a full and uninterrupted supply of natural gas but only to furnish such supply and for such length of time as it reasonably can; and it is expressly agreed to by the Consumer that the Company shall not be liable for any loss, damage, or injury that may result either directly or indirectly from shortages or interruptions in the supply of natural gas, or from discontinuance thereof due to said reasons or as a result of labor strikes, lockouts, riots, civil commotions, hostilities, wars, epidemics, calamities, natural disasters or causes beyond the ordinary reasonable control of the Company. The Company shall in its sole judgment have the right to reduce or interrupt or completely suspend natural gas supply due to any other aforesaid reasons to the Consumer and shall be the sole judge with regard to such conditions.
- (ii) The Company shall have the right to close or interrupt natural gas supply to the Consumer's premises for short periods for carrying out necessary extension/repair and/or alteration, work in the Company's pipeline, equipment and devices with the prior notice to the Consumer.
- (iii) The Company shall have the right to curtail and/or to discontinue deliveries of natural gas to the Consumer whenever and to the extent necessary in its sole judgment for the protection of service to its other Consumers it may require. The Company shall be the sole judge with regard to such conditions and curtailment of deliveries.
- (iv) The gas shall be supplied as per the Natural Gas Allocation Policy or any other relevant policy issued by the Government or any other Authority from time to time.
- 15. INDEMNIFICATION**
- The Consumer knowing its inflammable character shall take all precautions in the use of natural gas, maintenance of natural gas installation and shall provide adequate ventilation to exhaust accumulation of natural gas due to leakage if any, on his premises and shall be solely responsible for any loss, damages, injury or accident resulting directly or indirectly and for any reasons whatsoever from natural gas or natural gas installations. The Consumer hereby indemnifies the Company against all demands and claims for any such loss, damage, injury or accident. The Consumer hereby indemnifies the Company against all costs, losses and damages sustained by the Company as a consequence of any act or omission of the Consumer or any employee, officer, agent, representative, contractor or invitee of the Consumer and will reimburse to the company all consequential costs incurred by the Company.
- 16. SIGNING OF CONTRACT**
- This Contract shall neither be binding nor shall come into force until approved and signed by an authorised officer of the Company and no promises or agreements or representation of any agent or employee made in soliciting the same or otherwise, shall be recognised or made good by the Company or shall form part of the Contract unless incorporated herein.
- 17. CONTRACT CANCELLATION.**
- (i) This Contract shall be subject to cancellation by the Company at any time for any of the following causes:
- Any action by the Municipal authorities, Improvement Trust, Local Bodies, or any Government authorities or any legal proceeding against the Company by any party (including the Consumer) interfering with Company's right to supply natural gas to the Consumer or other Consumers and collect payment for the same under the terms of this Contract.
  - Any action by the Consumer to secure natural gas through his meter for purposes other than that mentioned hereinabove or for another party without written permission of the Company;
  - Any action by the Consumer tending to secure more natural gas than the meter registers or to secure natural gas through the said meter at a higher pressure than that at which the regulators are set by the Company or any interference by the Consumer with the meters or regulators tending to prevent the same from properly operating and correctly registering.
  - Violation of or default by the Consumer in compliance with any of the terms and conditions of this Contract.
  - Any major alteration, addition or extension to the existing natural gas installation carried out by the Consumer without obtaining prior approval of the Company in writing.
- (ii) In case of cancellation of this Contract for any cause whatsoever, all claims for natural gas supplied and or services rendered by the Company upto the date of disconnection of natural gas supply shall become forthwith due and payable without notice from the Company and the Consumer shall pay the same on demand.

