

Government of Pakistan

OIL AND GAS REGULATORY AUTHORITY

Islamabad, the 8th April, 2009

NOTIFICATION

S.R.O. 320(I)/2009.— In exercise of the powers conferred by sub-section (2) of section 42 of the Oil and Gas Regulatory Authority Ordinance, 2002 (XVII) of 2002), read with clauses (p) and (w) of sub-section (2) of section 6 thereof, the Authority is pleased to make the following regulations, namely:-

NATURAL GAS (WELL-HEAD PRICE) REGULATIONS, 2009

1. **Short title and commencement.**— (1) These regulations may be called the Natural Gas (Well-head Price) Regulations, 2009.

(2) They shall come into force at once.

2. **Definitions.**— (1) In these regulations, unless there is anything repugnant in the subject or context,—

(a) **“Authority”.**— means the Oil and Gas Regulatory Authority established under section 3 of the Ordinance;

(b) **“agreement”** means any legal contract or agreement executed between producer and the Federal Government or any of its nominated person and shall include any decision of the Cabinet of the Federal Government or any committee thereof;

- (c) “**buyer**” means any person who purchases specific gas from the producer for onward sale to consumer or for self use;
- (d) “**delivery point**” means a geographical location or a point where the custody of gas is transferred from producer to the buyer as per relevant agreement;
- (e) “**gas**” means natural gas;
- (f) “**lease area**” means any area leased under the exploration and production of hydrocarbon rules, for the time being in force, made under the Regulation of Mines and Oil-fields and Mineral Development (Government Control) Act, 1948 (XVIV of 1948);
- (g) “**Ordinance**” means the Oil and Gas Regulatory Authority Ordinance, 2002 (XVII of 2002);
- (h) “**producer**” means a person to whom a lease area has been leased, whether alone or jointly with any other person or persons, and who produces gas from such area;
- (i) “**specification gas**” means the natural gas with such quality as may be agreed between producer and buyer in the agreement; and
- (j) “**well-head price**” means the price for specification gas as determined by the Authority in accordance with the relevant agreements or contracts and notified in the official Gazette for sale by the producer.

(2) All other words and expressions used, but not defined herein, shall have the same meanings as are assigned to them in the Ordinance.

3. **Power to fix prices.**— The Authority on its motion or upon application made to it by a producer or any interested person shall determine the well-head price in accordance with the terms and conditions of the relevant agreement and the well-head price so determined shall be notified in the official Gazette.

4. **Effect of fixing prices.**— No producer shall sell or offer for sale, the specification gas, to any person, at a price exceeding the well-head price determined and notified by the Authority pursuant to these regulations.

5. **Submission of application.**— (1) Every producer shall submit an application, in the format specified in Appendix–I to these regulations, with the Registrar of the Authority, for determination of well-head price for specification gas in accordance with the terms and conditions of its agreement or the contract, as the case may be, with the Federal Government.

(2) Every application filed in accordance with sub-regulation (1) shall be made separately in respect of every lease area, issued by the Federal Government, notwithstanding the number of gas fields contained in such lease.

6. **Fees.** (1) All fee shall be payable, in advance to the Authority in the form of Bank draft attached with each application.

(2) Following fee shall be payable by the producers, namely:-

(a) one hundred thousand rupees for each determination of well-head price.

(b) fifty thousand rupees for every revision or review of well-head price due to error in calculation by the producer.

7. **Errors and omissions.**— The Authority may amend, revise, change or alter any of its previous determination of well-head price and its notification when—

- (a) an error or omission by the Authority or the producer has been brought into its notice by the producer, within a period of six months of the publication of the notification.
- (b) at any time, when the Federal Government directs it to do so, or when the error or omission has been committed by the Authority itself.

8. **Wilful hindrance in submitting records, etc, unlawful.**— No person shall willfully hinder, delay, or obstruct the making, submitting or keeping of any information, document, report, memorandum, record of account required to be made, submitted or kept under these regulations.

9. **Saving.**— Nothing contained in these regulations shall affect the right of a producer under any agreement with a buyer or in accordance with any law to charge or recover from the buyer any taxes, duties or other payments required to be made by the producer on account of supplies of gas to buyer.

10. **Fine for breach of regulations.**— (1) Whosoever contravenes any provision of these regulations shall be punishable with a fine which may extend to ten millions rupees.

(2) In imposing any fine under these regulations, the Authority shall keep in view the principle of proportionality of the fine to the gravity of the breach or failure. Prior to imposing a fine the Authority shall, in writing, require the person liable to be affected to show cause, in writing, as to why the fine may not be imposed.

Appendix I

(See Regulation 5)

(No. _____)

Date:-----

To: Registrar
Oil and Gas Regulatory Authority
Tariq Chambers, G-6
Islamabad

Subject: Determination and Notification of well-head Price under section 6 (2) of OGRA Ordinance, 2002

Dear Sir

The undersigned is the duly authorized officer of the (Company's full name) and requests OGRA to kindly determine and notify the well-head price of (Name of Gas Field) for the duration, commencing _____ to _____.

Following documents are annexed herewith, namely:-

- (a) a duly attested copy of Power of Attorney/Resolution of the BOD authorizing the undersigned to make this application; and
- (b) a calculation of marker price in US dollars and the well-head price in accordance with the terms of the relevant Gas Price Agreement/Contract.

Bank Draft No _____ for a sum of Rs. _____, in the name of Oil and Gas Regulatory Authority, Islamabad, is enclosed

Name and Designation of
Authorized Officer

(F.No. _____)