

**OIL & GAS REGULATORY AUTHORITY  
DRAFT OF THE PROPOSED AMENDMENTS IN OIL RULES 2016**

Sr. No.	EXISTING PROVISO OF THE OIL RULES 2016	PROPOSED ADDITION/AMENDMENT
(1)		<p><b><u>New entry</u></b></p> <p>In rule (2) of sub rule (1) new sub clauses (xxxiii) and (xxxiv) shall be inserted, namely:-</p> <p>(xxxiii). - “Infrastructure plan” means the installation, depot and storage facility to be developed by the licensee at port and consumption centers for receiving, storing and distributing refined oil products.</p> <p>(xxxiv). - “Marketing Plan” means the supplies arrangement, development of retail outlets and transportation fleet by the licensee.</p>
(2)	<p>5. <b>Criteria for grant of licence for new refinery.</b> - (1) The Authority may grant a licence for the construction or operation of a new refinery subject to such terms and conditions as may be specified therein, if it is satisfied that, -</p> <p>(f). the applicant has submitted an affidavit from each and all of its Directors to the effect that,-</p> <p>(i). he is not disqualified or ineligible to become or remain a Director</p>	<p>the words Companies Ordinance, 1981 (XLVII of 1984), wherever used in these Rules shall be substituted with the words “<b>Companies Act, 2017</b>, as may be amended or substituted from time to time.”</p>

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	of the company under the provisions of the Companies Ordinance, 1984 (XLVII of 1984);	
(3)	<p><b>12. Criteria for grant of licence to construct or operate new oil blending plant, reclamation plant or grease plant.</b> - (1) The Authority may grant a licence for construction or operation of a new oil blending plant, reclamation plant or grease plant on such terms and conditions as may be specified therein, if it is satisfied that,-</p> <p>(e). the applicant has submitted an affidavit from each and all of its Directors to the effect that,-</p> <p>(i). he is not disqualified or ineligible to become or remain a Director of the company under the provisions of the Companies Ordinance, 1984 (XLVII of 1984);</p>	
(4)	<p><b>25. Criteria for grant of licence to construct and operate a new pipeline for the transportation of oil for others.</b> - (1) The Authority may grant a licence for the construction or operation of a new pipeline subject to such terms and conditions as may be specified therein, if it is satisfied that, -</p> <p>(e). the applicant has submitted an affidavit from each and all of its</p>	

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	<p>Directors to the effect that,-</p> <p>(i). he is not disqualified or ineligible to become or remain a Director of the company under the provisions of the Companies Ordinance, 1984 ( XLVII of 1984);</p>	
(5)	<p><b>30. Criteria for grant of licence to construct and operate a new oil storage facility or to store oil.</b> - (1) The Authority may grant licence for the construction or operation of a new oil storage facility subject to such terms and conditions as may be specified therein, if it is satisfied that, -</p> <p>(f). the applicant has submitted an affidavit from each and all of its Directors to the effect that, -</p> <p>(i). he is not disqualified or ineligible to become or remain a Director of the company under the provisions of the Companies Ordinance, 1984 ( XLVII of 1984);</p>	
(6)	<p><b>32. Criteria for grant of licence for storage of oil in a non-oil storage.</b> - (1) Upon the making application on the format set out in Part-I of Schedule-I, the Authority may grant licence for undertaking storage of oil in a non-oil storage subject to such terms and conditions as may be specified therein, if it is satisfied that, -</p>	

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	<p>(f). the applicant has submitted an affidavit from each and all of its Directors to the effect that,-</p> <p>(i). he is not disqualified or ineligible to become or remain a Director of the company under the provisions of the Companies Ordinance, 1984 (XLVII of 1984);</p>	
(7)	<p><b>35. Criteria for the grant of licence to new oil marketing company.</b> - (1) The Authority may grant a provisional licence for three years for setting up a new oil marketing company, if it is satisfied that,-</p> <p>(d) the company has submitted an affidavit from each and all of its Directors to the effect that,-</p> <p>(i). he is not disqualified or ineligible to become or remain a Director of the company under the provisions of the Companies Ordinance, 1984 (XLVII of 1984);</p>	
(8)	<p>35 (2). The Authority after examining the application made under rule 34 shall initially issue a licence for a period of three years during which the marketing infrastructure i.e. storages, retail outlets and filling stations etc., as given in the work programme, shall be</p>	<p>Rule 35 (2), shall be substituted, as under:</p> <p>“35 (2).- The Authority after examining the application made under rule 34 shall initially issue a <b>provisional construction</b> licence for a period of three years</p>

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<p>completed in accordance with the laid down technical standards. In case of failure to complete the aforesaid marketing infrastructure within the stipulated period of provisional licence, without any valid reason the Authority may refuse the extension of the licence or, depending on the nature of non-compliance and subject to penalties under the Ordinance and the rules, may grant extension on such terms and conditions and for such period as deemed appropriate.</p> <p>(3) Upon satisfactory completion of the work programme subject to the certification by third party inspector confirming the compliance of technical standards the Authority shall grant licence to an oil marketing company, for a maximum period of thirty years, subject to renewal from time to time, on making of fresh application at least two years prior to the expiry of the existing licence along with the certification by third party inspector confirming the compliance of the technical standards. A licence renewed shall be valid for a maximum period of thirty years at a time.</p>	<p>during which the <del>marketing infrastructure i.e. storages, retail outlets and filling stations etc.,</del> <b>storage infrastructure</b>, as given in the <del>work programme</del> <b>infrastructure plan</b>, shall be completed <b>either independently or jointly by the licensee</b> in accordance with the laid down technical standards. In case of failure to complete the aforesaid <del>marketing infrastructure</del> <b>infrastructure plan</b> within the stipulated period of provisional licence, without any valid reason, the Authority may refuse the extension of the licence or, depending on the nature of non-compliance and subject to penalties under the Ordinance and the rules, may grant extension on such terms and conditions and for such period as deemed appropriate.</p> <p>Rule 35 (3) shall split into sub rule 3 (a) and sub rule 3 (b), as under:</p> <p>“3 (a).- Upon satisfactory completion of the <del>work programme</del> <b>oil installation, depot or storage facility</b>, subject to certification by third party inspector confirming the compliance of technical standards, the Authority shall grant <del>licence to an oil marketing company, for a maximum period of thirty years, subject to renewal from time to time, on making of fresh application at least two years prior to the expiry of the existing licence along with the certification by third party inspector confirming the compliance of the technical standards. A licence renewed shall be valid for a maximum period of thirty years at a time</del> <b>a provisional marketing licence to the extent of area or province where the licensee has completed a</b></p>
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		<p><b>new storage facility, on the terms and conditions as deemed appropriate. Such provisional marketing licence shall be valid till the expiry of initial construction licence, unless the same is extended renewed, modified or revoked earlier under the Rules.</b></p> <p>“3 (b). - Upon satisfactory completion of the entire infrastructure plan or having days cover as specified by the Federal Government against actual sales volume of the licensee, whichever is higher; and subject to certification by third party inspector confirming the compliance of technical standards, the Authority shall grant a permanent licence to an oil marketing company, for a maximum period of thirty years, subject to renewal from time to time, on making of fresh application at least two years prior to the expiry of the existing licence along with the certification by third party inspector confirming the compliance of the technical standards. A licence renewed shall be valid for a maximum period of thirty years at a time.</p> <p>(iii). After sub rule (b) of sub rule (3) of rule 35, following explanation with respect to joint storage shall be inserted; namely:-</p> <p><b>Explanation,-</b> The construction of a joint installation, depot or storage facility shall be subject to prior approval of the Authority in writing and on following conditions:</p> <p>(i) The OMCs or Companies shall ensure no compromise on overall</p>
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		<p>infrastructure against their plans and storage construction obligations under the licence conditions;</p> <p>(ii). No company shall leave or sell its assets in Joint storage facility, unless it has obtained the prior written approval of the Authority, subject to the addition of corresponding storage capacity for meeting the demand for its own retail outlets;</p> <p>(iii). The participating companies shall hold the volumetric capacity in a joint storage facility proportionate to the investment of each company; and</p> <p>(iv). Any other terms and conditions, as deemed appropriate.</p>
(9)		<p><b><u>NEW ENTRY</u></b></p> <p>In sub rule (2) of rule 54, new sub rule (3) shall be inserted namely:</p> <p>(3).- The Authority shall appoint the third party inspector on the fee determined by it, from time to time, for certification of technical standards for the regulated activity;</p>
(10).	<p>67 (2). No refinery, blending plant, (reclamation plant) or marketing company shall, without prior permission of the Authority, in writing:</p> <p>(a) construct, reconstruct, dismantle or remove any storage for crude</p>	<p>67 (2). No refinery, blending plant, (reclamation plant) or marketing company shall, without prior <del>permission</del> <b>licence</b> of the Authority, in writing:</p> <p>(a) construct, reconstruct, dismantle or remove any storage for crude oil or</p>

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	<p>oil or petroleum products;</p> <p>(b) an application shall be submitted by the applicant for seeking permission before commencement of construction, reconstruction of storage as specified in Part-O of Schedule-I.</p>	<p>petroleum products;</p> <p>(b) an application shall be submitted by the applicant for seeking <del>permission</del> <b>licence</b> before commencement of construction, reconstruction of storage as specified in Part-O of Schedule-I.</p> <p>After rule 67 (2), new sub rules (3) and (4) shall be inserted, as under:</p> <p>(3).- The Authority shall initially issue a licence for construction for a period of one year during which construction of storage facility shall be completed in accordance with the laid down technical standards. In case of failure to complete the storage facility within the stipulated period of the licence, without any valid reason, the Authority may refuse the extension of the licence or, depending on the nature of non-compliance and subject to penalties under the Ordinance and the rules, may grant extension on such terms and conditions and for such period as deemed appropriate;</p> <p>(4) Upon satisfactory completion of storage facility subject to the certification of third party inspector confirming the compliance of technical standards, the Authority shall grant licence for operation of the oil storage facility for a maximum period of thirty years, subject to renewal, from time to time, on making of fresh applications at least two years prior to the expiry of the existing licence. A licence renewed shall be valid for a maximum period of thirty years at a time; and</p> <p>After sub rule (3) and (4) of rule 67 as proposed above, following explanation shall</p>
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		<p>be inserted; namely:-</p> <p><b>Explanation.</b> - The provisional storage construction licensees for setting up new Oil Marketing Companies shall be exempted from obtaining licence for new storage facility. However, such licensees shall deem to obtain licence, in case the reconstruction, addition, dismantling or removal in exiting storage facility is involved.</p>
(11).	<p style="text-align: center;">SCHEDULE I PART O [See Rule 67]</p> <p style="text-align: center;">APPLICATION FOR GRANT OF PERMISSION FOR CONSTRUCTION/RECONSTRUCTION OF STORAGE FOR CRUDE OIL OR PETROLEUM PRODUCT</p> <p>1.Location: 2.District/Province: 3.Land Status: 4.Sanctions in hand:</p>	<p>In Schedule I, Part O, the word “permission” shall be replaced with the word “licence”., as under:</p> <p style="text-align: center;">SCHEDULE I PART O [See Rule 67]</p> <p style="text-align: center;">APPLICATION FOR GRANT OF <del>PERMISSION</del> <b>LICENCE</b> FOR CONSTRUCTION/RECONSTRUCTION OF STORAGE FOR CRUDE OIL OR PETROLEUM PRODUCT</p> <p>1.Location: 2.District/Province: 3.Land Status: 4.Sanctions in hand:</p>

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	<p>5.Existing Capacity (Tons):</p> <p>6.Sanction applied for (Ton</p> <p>7.Total Tonnage:</p> <p>8.Product Receipt Facility:</p> <p>9. Commissioning Date:</p> <p>10.Remarks:</p> <p style="text-align: right;">Name and signatures of authorized Signatory (applicant)</p>	<p>5.Existing Capacity (Tons):</p> <p>6.Sanction applied for (Ton</p> <p>7.Total Tonnage:</p> <p>8.Product Receipt Facility:</p> <p>9. Commissioning Date:</p> <p>10.Remarks:</p> <p style="text-align: right;">Name and signatures of authorized Signatory (applicant)</p>
(12)	<p>69. <b>Penalty.</b> - (1) Subject to sub-rule (2), a person, who contravenes any provisions of the Ordinance, these rules, terms and conditions of the licence, or the decisions of the Authority, shall be punishable with fine which may extend to ten million rupees and in case of a continuing contravention with a further fine which may extend to one million rupees for every day during which such contravention continues.</p> <p>(2) In imposing any fine under these rules, the Authority shall keep in view the principle of proportionality of the fine to the gravity of</p>	<p>the word “ten” appearing in third line shall be replaced with the word “fifty”; as under:</p> <p>69. <b>Penalty.</b> - (1) Subject to sub-rule (2), a person, who contravenes any provisions of the Ordinance, these rules, terms and conditions of the licence, or the decisions of the Authority, shall be punishable with fine which may extend to <del>ten</del> <b>fifty</b> million rupees and in case of a continuing contravention with a further fine which may extend to one million rupees for every day during which such contravention continues.</p> <p>(2). In imposing any fine under these rules, the Authority shall keep in view the principle of proportionality of the fine to the gravity of the contravention. Prior to</p>

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	<p>the contravention. Prior to imposing the 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.</p>	<p>imposing the 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.</p> <p><b><u>NEW ENTRY</u></b></p> <p>After rule 67 (2) a new sub rule (3) shall be inserted, as under:</p> <p>(3). - In case of loss to life or property due to negligence on part of the licensees, the Authority may determine the amount of compensation to be paid by the licensees to the affected persons. The compensation so fixed by the Authority shall be paid within a period of one month of the issuance of an order or time prescribed by the Authority as it may deem fit.</p>
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