

OGRA-LNG-18(31)/2021

08th January, 2021

Mr. Mian Yasir Hamid,
Chief Executive Officer,
LNG Easy (Private) Limited,
Head office, 726, 7th Floor,
Executive Tower, Dolmen Clifton
Karachi.

Subject: **PROVISIONAL LICENCE**

For the purpose of facilitating completion of all formalities for LNG virtual pipelines, LNG Break Bulking, Unloading/Loading of Cargo from Small LNG Carriers and supply of LNG mainly to Off-Grid customers through cryogenic bowzers

Dear Sir,

This refers to your application No. Nil dated July 13, 2020 on the subject cited matter.

2. After completion of the required formalities under Rule 33 of LNG Rules 2007, the Authority is pleased to grant you a '**Provisional Licence**' to enable completion of all formalities required under LNG Rules 2007 to apply for a licence for carrying out regulated activities. The license is enclosed herewith please.

Yours faithfully,


Imran Akhtar
Executive Director (LNG)

The Islamic Republic of Pakistan

Case No. OGRA-LNG-18(31) /2020

License No. LNG-11/2021

PROVISIONAL LICENCE

FOR THE PURPOSE OF FACILITATING COMPLETION OF ALL FORMALITIES FOR LNG VIRTUAL PIPELINES, LNG BULK BREAKING, UNLOADING/ LOADING OF CARGO FROM SMALL LNG CARRIERS AND SUPPLY OF LNG MAINLY TO OFF-GRID CUSTOMERS THROUGH CRYOGENIC BOWZERS

TO

LNG EASY (PRIVATE) LIMITED

UNDER

OIL AND GAS REGULATORY AUTHORITY ORDINANCE, 2002

AND

OIL AND GAS REGULATORY AUTHORITY

(LNG) RULES, 2007



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1. Back ground of the case:

- 1.1 M/s LNG Easy (Private) Limited filed an application for grant of Provisional Licence for LNG virtual pipelines, LNG Break Bulking, Unloading/Loading of Cargo from Small LNG Carriers and supply of LNG to off-grid customers through cryogenic bowzers. The company has submitted the Licence Application Form as per Schedule-I of OGRA (LNG) Rules, 2007. The applicant has submitted the Fee of Rs. 5 Million under Rule 33(2) (b) of OGRA (LNG) Rules, 2007.
- 1.2 As per the documentation provided by the project developer, LNG Easy (Pvt) Ltd. is a company incorporated in Pakistan and is registered with SECP, the major shareholding of the company is held by LNG Easy Pte. Limited, Singapore (LNGe) which has the experience in break bulking of LNG into ISO containers/cryogenic bowzers for further distribution to customers.
- 1.3 The company is planning to use berth No. 18 to 20 at Karachi Port Trust (KPT) for import of LNG cargos, fill, transport, market and distribute Liquefied Natural Gas (LNG) and shall pursue 'Integrated LNG Project Structure' as per Article 2(a) of LNG Policy 2011. It shall use a Mobile Filling Platform (MFP) to fill ISO containers/Cryogenic Bowzers at Karachi port for further distribution mainly to Off-Grid customers. The applicant has further submitted that initially about 350,000 tons per annum of LNG cargo (approximately two vessels of 30000 CM per month, 51 bowzers of 18 tons each per day) will be unloaded/loaded/filled at Karachi Port. For handling 350,000 tons per annum of LNG cargo, the designated berth will be occupied only for up to a maximum of twelve days in a month. The berth will remain unoccupied for more than 18 days a month as MFP will be towed away from the berth immediately upon completion of filling operation and will be redeployed at the berth only on the arrival of next ship for facilitating unloading operation. Main potential users for LNG in ISO containers/cryogenic bowzers consist of industries, residential sector and power generation units.

2. Evaluation of the application and formalities for grant of Construction and Operation license:

- 2.1 In-house evaluation of the provisional licence application of M/s LNG Easy Private Limited was carried out under the provisions of Rule 33 and Rule 4(3) of LNG Rules by all concerned departments. OGRA raised queries vide its various letters, the reply of which were submitted by the applicant and were found satisfactory for this stage of licensing.
- 2.2 The matter was also taken up with the Port Authority (KPT) as to whether all required formalities have been fulfilled by the project developer as per the provisions of the LNG Policy 2011. KPT vide its letter dated 13th August 2020 has submitted that M/s

LNG Easy (Pvt) Ltd. is in the process of completion of documents and is obtaining NOC from other related departments and OGRA is requested to consider KPT letter as a provisional NOC. Further, handling of LNG vessel is subject to the submission of KPT specific QRA, Environment Impact Assessment (EIA), HAZOP / HAZID, Safety Integrity Level (SIL) / layer Protection Analysis (LOPA) and Security Risk Assessment from internationally reputable firms.

- 2.3 The matter was also taken up with Ministry of Energy (MoE) who has supported the project structure and requested to expedite the process in view of the gas shortfall in the country after fulfillment of all the requisite formalities with special focus on safety related issues.
- 2.4 It may be noted that the grant of provisional license is for the purpose of facilitating completion of all formalities required under the LNG Rules 2007 by a project developer to enable it to apply for a licence for carrying out a regulated activity.
- 2.5 On completion of all formalities under Rule 4 (3) of the LNG Rules 2007 including valid NOC / Implementation agreement with the relevant Port Authority, NOC's from Explosives Department, Local administration, Ministry of Defence, Environmental Protection Agency, National Highway Authority, Civil Aviation Authority, Regional Transport Authority etc. a formal request for construction and operation of the facility may be filed by the project developer which shall then be evaluated by an independent consultant hired from OGRA shortlisted consultants for which specific ToR's shall be given to the consultant. On submission of a satisfactory report by the consultant and after approval of the Authority, public hearing shall be carried out before grant of license.

3. Powers of the Authority to grant the license:

- 3.1 Following are the relevant provisions in OGRA Ordinance 2002 and LNG Rules 2007.

OGRA ORDINANCE, 2002 (Chapter – IV Exclusive Power to Grant Licence)

The Authority shall have the exclusive power, to be exercised in the manner prescribed in the rules, to grant, issue, renew, extend, modify, amend, suspend, review, cancel and reissue, revoke or terminate, a Licence in respect of any regulated activity.

OGRA (LNG) RULES, 2007 (Rule 33. Provisional Licence)

For the purposes of facilitating the import of LNG, the Authority shall, upon a written request filed in accordance with the provisions of this rule, by any company incorporated inside or outside Pakistan, grant a provisional licence, for a maximum period of twelve months, to such company to complete all formalities required under these Rules to enable it to apply for a licence for carrying out a regulated activity.

period of twelve months, to such company to complete all formalities required under these Rules to enable it to apply for a licence for carrying out a regulated activity.

(2) A request filed under sub-rule (1) shall be made in the format specified in Schedule-I to these rules, clearly specifying the information required therein and shall be accompanied by -

(a) the documents specified in clauses (a), (b), (c), (d), (e), (f), (g), (h), (i), (k), (m), (n), and (x) of sub-rule (3) of Rule 4; and

b) a fee in the sum of five million rupees

4. THE LICENCE

The Oil & Gas Regulatory Authority (OGRA), established under the Oil & Gas Regulatory Authority Ordinance 2002, pursuant to Section 22 of the Ordinance read with Rule 33(2) of OGRA Liquefied Natural Gas (LNG) Rules, 2007, hereby grants to M/s LNG Easy (Private) Limited, registered office at Head office, 726, 7th Floor, Executive Tower, Dolmen Clifton, Karachi, a Provisional Licence to complete all formalities required under LNG Rules 2007 to enable it to apply for a licence for carrying out a regulated activities and to facilitate the import of LNG into Pakistan through its LNG Project.

Validity:

- (i) The Licence shall be valid for a term of Twelve (12) months from the date of issuance of the Licence i.e. unless revoked or modified under the provisions of the Ordinance, LNG Policy, LNG Rules or any other applicable law, as amended from time to time.*
- (ii) During this period, you are requested to complete all formalities required under OGRA (LNG) Rules, 2007 for submission of request for issuance of Construction / Operation Licence.*
- (iii) This Licence shall be renewed upon request of the "Licensee" or as modified by the Licensing Authority.*
- (iv) This Licence consists of Eight (08) Pages.*

5. Definitions:

Words and expressions used in the License but not defined, unless the contrary intention appears, shall have the meaning as are assigned to them in the Ordinance, LNG Rules, LNG Policy, as amended from time to time.

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The following words shall have the following meanings:

“Authority” means Oil and Gas Regulatory Authority established under Section 3 of the Ordinance

“Agreement” means Gas Supply Agreement with LNG Importer / Sale License Holder, or any other agreement to be entered by the licensee under OGRA (LNG) Rules, 2007 and Natural Gas Regulatory (Licensing) Rules, 2002.

“Consents” means all such acknowledgements, agreements, approvals, authorizations, concessions, consents, decisions, licenses, notifications or permits required to be obtained by the Licensee to carry out the regulated activities;

“LNG” means Liquefied Natural Gas.

“LNG Terminal” means fixed or movable facilities, whether located on land or sea, used for loading, unloading, storage and re-gasification of LNG including all ancillary and auxiliary equipment and pipelines.

“LNG Rules” means Oil and Gas Regulatory Authority (Liquefied Natural Gas) Rules, 2007.

“LNG Policy” means LNG Policy 2011 and subsequent modification / policy guidelines relating to LNG, issued by the Federal Government, from time to time, pursuant to section 21 of the Ordinance.

“Ordinance” means Oil and Gas Regulatory Authority Ordinance, 2002 (XVII of 2002).

“Regulated activities” means the scope of activities defined in this License.

6. Terms and Conditions:

6.1 License Type:

6.1.1 This Provisional License is ⁿgrated under Rule 33 of the OGRA (LNG) Rules, 2007 for the purposes of facilitating the import of LNG into Pakistan.

6.2 Compliance with Laws and Standards:

6.2.1 The Licensee shall ensure that it complies at all timelines with the applicable laws, including the provisions of the Ordinance and the Rules, and perform its obligations in accordance with the said rules.



6.2.2 The breach of any law, including the breach of any provision of the Ordinance or any Rules or Regulations framed there under, any decision of the Authority shall be deemed to be a breach of the terms and conditions of the License and vice versa.

6.2.3 The Licensee shall take all the regulated activities strictly in accordance with the technical and other standards prescribed by the Authority and in a manner so as not to endanger public health or safety.

6.3 Renewal, Modification and Revocation of Conditions:

6.3.1 On an application by the Licensee to the Authority before expiry date of this License, the Authority may renew, modify, amend the License in accordance with the provisions of the Ordinance and the Rules.

6.3.2 The terms and conditions of the License may be amended, varied, modified or revoked by the Authority in accordance with the provisions of the applicable laws.

6.4 Early Termination of the License:

6.4.1 The Authority may, on an application made by the Licensee or if the licensee fails to made any progress within the stipulated time, the Authority can terminate the license in accordance with the provisions of the Ordinance and the Rules.

6.5 Assignment, Sale and Transfer of License:

6.5.1 The Licensee shall not assign, encumber, sell or transfer the License or any rights or obligations thereunder without prior written approval of the Authority.

6.6 Payment of Fee:

6.6.1 The Licensee shall promptly and regularly pay to the Authority the any such fees prescribed in the Rules or imposed by the Authority from time to time.



6.7 Provision of Information:

6.7.1 The Licensee shall provide all such information as and when required by the Authority and the Licensee shall provide all such information to the Authority as may be required for fulfillment of the Authority's functions and powers under the Ordinance and Rules. No party shall use any information provided by the Licensee in any manner and for any purpose except as may be specified by the Licensee and the Authority.

6.8 Notices:

6.8.1 All notices to be given under any Condition shall be given in writing and shall be deemed to have been properly served if delivered in person or sent by registered mail or transmitted by facsimile to the relevant party at the address set out below or at such other address as that party may from time to time specify in writing to the other:

Licensee: Chairman / Chief Executive Officer
LNG Easy (Private) Limited,
Head office, 726, 7th Floor,
Executive Tower, Dolmen Clifton,
Karachi

OGRA: Registrar,
OIL AND GAS REGULATORY AUTHORITY (OGRA)
54-B, Fazal-e-Haq Road, Blue Area,
Islamabad, Pakistan


(Zain Ul Abideen Qureshi)

Member (Oil)


(Muhammad Arif)

Member (Gas)


(Noorul Haque)

Chairman