

OGRA-LNG-18(36)/2021
13th January, 2021

Mr. Faisal Ahmad Siddiqui,
Director,
Daewoo Gas Private Limited (DGPL)
231-B, Ferozepur Road,
Lahore

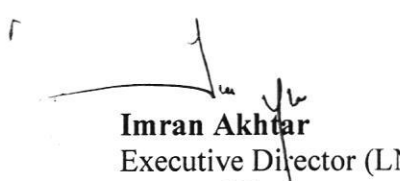
Subject: **PROVISIONAL LICENCE UNDER RULE 33 OF LNG RULES, 2007**

Dear Sir,

This refers to your application No. Nil dated January 10, 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)

آئل اینڈ گیس
ریگولیٹری اتھارٹی



Oil & Gas
Regulatory Authority

The Islamic Republic of Pakistan

Case No. OGRA-LNG-18(36) /2020

License No. LNG-11/2021

PROVISIONAL LICENCE

UNDER RULE 33 OF LNG RULES, 2007

TO

DAEWOO GAS (PRIVATE) LIMITED (DGPL)

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 Daewoo Gas (Private) Limited (DGPL) applied for grant of Provisional Licence for an Integrated LNG Project. It intends to establish LNG terminal at Gwadar Port, supply LNG through cryogenic bowzers to its customers on the concept of LNG virtual pipelines. 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, Daewoo Gas (Private) Limited is a company incorporated under the Companies Ordinance 1984 (now the Companies Act, 2017), it is a wholly owned subsidiary of Daewoo Pakistan Express Bus Service Limited who are the sponsors of the subject project.
- 1.3 As per M/s DGPL, it intends to import, process, store, fill, market and distribute Liquefied Natural Gas (LNG) as an 'Integrated LNG Project Structure' as per Article 2(a) of LNG Policy 2011. For setting up of the Terminal, DGPL intends to use a dedicated berth for LNGC and build a land-based LNG handling platform, transferring LNG from LNGC to LNG containers for distribution onwards, building warehousing capacity, and staging area for trucks. The facility will be a land-based manifold handling system and it takes a few months to install.
- 1.4 LNG vessels shall be chartered on voyage charter basis. The project shall have ability to receive up to approximately two vessels a week at berth for which FSU (Floating Storage Unit) shall be deployed at Gwadar Port. Land based manifold system for quick deployment at Gwadar Port and equipment will be provided by Furui SE (*a Chinese technology company specializing in the LNG equipment design and manufacturing and a technical partner of DGPL*). LNG containers on trucks will allow transportation to remote sites where no pipelines are available and trucks will also be converted to use LNG for lower transportation costs. Equipment required for CNG station augmentation will be provided by Furui SE.
- 1.5 The suggested location for the terminal is Berth No. 03 Gwadar Port. It has been further stated in the application that the exclusive free zone facility at Gwadar Port can accommodate bonded warehousing, manufacturing, international purchasing, transit and distribution, transshipment, commodity display and supporting services and make it an ideal location for the execution of the project. The project will be executed to solve the demand by developing a new virtual gas pipeline across Pakistan. DGPL stated that Pakistan has an excellent basis for virtual pipeline with extensive highway system been built over the last six years and it has the world most extensive network of CNG filling stations built over twenty years ago. DGPL for its LNG project has identified potential customers consisting of consumers of natural gas, Daewoo buses full conversion of its intercity bus fleet after its initial trial run on

LNG, affiliated truck fleets, CNG sector and industrial & residential estates who are on waiting for physical pipeline of gas.

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 Daewoo Gas (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 Gwadar Port Authority and clarification was sought regarding allocation of site to M/s DGPL. GPA vide its letter dated 27th October 2020 through Ministry of Maritime Affairs letter dated 18th November 2020 has stated that the agreement with Daewoo Gas Private Limited is under discussion with terminal operator and the agreement will be submitted in due time, if the parties agreed with the terms and conditions. It is further stated in the letter that the NOC of SEPA, QRA study, Navigational study and compliance with all requisites of LNG Policy will be processed after execution of agreement. **A firm NOC is to be submitted in the name of DGPL issued by the relevant Port in compliance with the requirements of the LNG Policy 2011 at the time of construction / operation licence application.**
- 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. **However for use of LNG as a vehicular fuel, specific policy guidelines are to be issued by the FG as indicated in the minutes of meeting issued by the MoE.**
- 2.4** It may be noted that the grant of provisional license is for the purposes of facilitating the import of LNG for a maximum period of twelve months to complete 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

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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.

(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 Daewoo Gas (Private) Limited, registered office at 231-B, Ferozpur Road, Lahore, 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 Nine (09) 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.

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

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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 make 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.

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APR *[Signature]*

6.7 Provision of Information:

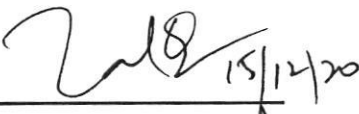
6.7.1 The Licensee shall provide all such information as and when required by the Authority and the Licensee shall provide all such information to the Authority as may be required for fulfillment of the Authority's functions and powers under the Ordinance and Rules. No party shall use any information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

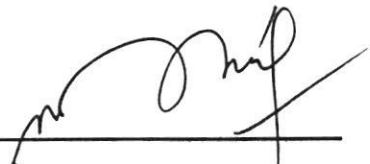
6.8.1 All notices to be given under any Condition shall be given in writing and shall be deemed to have been properly served if delivered in person or sent by registered mail or transmitted by facsimile to the relevant party at the address set out below or at such other address as that party may from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

Licensee: Chairman / Chief Executive Officer
M/s Daewoo Gas (Private) Limited
231-B, Ferozpur Road,
Lahore, Pakistan

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