

Oil and Gas Regulatory Authority
Islamic Republic of Pakistan



Licence For

**Construction and Operation of Natural
Gas Storage Facilities at Lilla Town,
District Jhelum, Punjab.**

Granted to

Sui Northern Gas Pipelines Limited.



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Licence No.NG-014/2008

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OIL & GAS REGULATORY AUTHORITY

Islamic Republic of Pakistan

Islamabad, 30th April, 2008
Licence No. NG-014/2008

The Licence

The Oil & Gas Regulatory Authority (the "Authority"), established under the Oil & Gas Regulatory Authority Ordinance, 2002 (Ordinance No. XVII of 2002) (hereinafter referred to as "the Ordinance"), in exercise of its powers conferred by Sections 22 (1) and 23(6) of the Ordinance and Rule 3(3) of Natural Gas Regulatory Authority (Licencing) Rules, 2002 (the "Licencing Rules") hereby grants to Sui Northern Gas Pipelines Limited (SNGPL) having its registered office at 21-Kashmir Road, Lahore, Pakistan (the "Licensee") a licence (the "Licence") to undertake the following regulated activities in accordance with the terms and conditions given hereinafter;

Natural Gas Storage Facility


Construction and operation of natural gas storage facility alongwith associated piping and control equipment at Lilla Town, Tehsil Pind Dadan Khan district Jehlum, Punjab for supply of piped gas to Lilla Town.

Validity

The Licence shall be valid from 26.11.2005 (effective date) for a period of thirty (30) years unless the Licence is revoked earlier under the provisions of the Ordinance and the Rules.


(Syed Hadi Hasnain)
Member (Gas)


(M.H. Asif)
Member (Finance)


(Munir Ahmad)
Chairman

Terms and Conditions Applicable to the Licensee

1. Definitions

- 1.1. Words and expressions used in the Licence but not defined, unless the contrary intention appears, shall have the same meaning as are assigned to them in the Ordinance and the Rules.
- 1.2. The following words shall have the following meanings:
 - 1.2.1 "Gas Storage Facility" means a battery of 36" diameter high pressure pipe of API 5LX buried at 4 feet below the ground surface and ancillary piping and equipment.
 - 1.2.2 "Licence" means this licence and any amendment, modification, extension, or renewal thereof under the provisions of the Ordinance and the Rules.
 - 1.2.3 "Mobile Cascade" means battery of high pressure cylinders suitable for handling natural gas at 1250 PSIG pressure and 180-200 °F temperature, equipped with suitable safety devices and gauges in accordance with ASME/API/DOT standards.
 - 1.2.4 "Rules" means rules made under the provisions of the Ordinance; and
 - 1.2.5 Any reference to statute or a delegated legislation shall be deemed to mean and include its modification, amendment, replacement or substitution by a subsequent law.

2. Location and Operating Parameters

- 2.1 Natural gas storage facility at Lilla Town located at 4 Km from motorway shall be used for storage of natural gas at a pressure not exceeding 972 psig, temperature 180-200 °F and capacity 0.35 MMCF.
- 2.2 Natural gas shall be transported from Haranpur (CC-1) to Lilla town through mobile cascade.

3. Compliance with Laws and Standards

- 3.1 Design, installation and construction of natural gas storage facility shall comply with the requirements of ASME B31.8 standard or equivalent.
- 3.2 For transportation and storage of natural gas, licensee shall obtain explosive licence from Chief Inspector of Explosives under relevant law/ rules.
- 3.3 Natural Gas Measurements shall be in line with AGA-3 standard or equivalent.



3.4 Licensee shall ensure that it complies with the applicable laws of Pakistan at all times, and in particular with the provisions of the Ordinance and the Rules made thereunder.

3.5 The breach of any law, including breach of any provision of the Ordinance, any rules or regulations framed thereunder shall be deemed to be a breach of the terms and conditions of the Licence and vice versa.

4. Renewal, Modification, Revocation and Early Termination of Licence

4.1 On an application made by the Licensee to the Authority, at least two years prior to the expiry date of the Licence, the Authority may renew the Licence on the terms and conditions, as deemed appropriate by the Authority.

4.2 The terms and conditions of the Licence may be amended, varied, modified, extended or revoked by the Authority.

4.3 On an application made by the Licensee, for an early termination of the Licence, with two years prior notice, the Authority may terminate the Licence.

4.4 Approval of the Authority shall be required prior to any modification, augmentation, addition or abandonment of the assets.

5. Assignment and Transfer

5.1 The Licensee shall not transfer or assign the licence or any right or obligations specified thereunder without having obtained prior written approval of the Authority.

6. Utilization of Storage Facility by third party

6.1 The Licensee shall not allow the use of storage facility to any third party for the purpose of storage, sale or distribution of natural gas without prior written approval of the Authority.

6.2 The Licensee shall at all the times ensure availability and un-interrupted supply of natural gas to its consumers connected through distribution system except under any force majeure event.

7. Technical Standards

7.1 The Licensee shall comply with the technical standards prescribed by the Authority from time to time for:

7.1.1 the design, construction, operation and maintenance of gas storage facility.

7.1.2 the equipment, materials and other resources required for undertaking any of the activities related to storage of natural gas.



8. Operation and Maintenance

- 8.1 The Licensee shall develop detailed procedure for operation and maintenance for safe operation of the gas storage facility and submit the same to the Authority within six months from the date of issuance of this licence.
- 8.2 The Licensee shall ensure safe operation and integrity of the gas storage facility by implementation of the standards and codes approved by the Authority.
- 8.3 The Licensee shall not later than thirty (30) days after the end of each financial year, submit to the Authority a report on the result of the implementation status of the program during such financial year including:
- 8.3.1 details of any incidents concerning safety of the regulated activity of gas storage and action taken by the Licensee in response thereto;
- 8.3.2 details of maintenance activities carried out by the Licensee in respect of gas storage facility including maintenance of measuring equipments.
- 8.3.3 any other information required by the Authority.

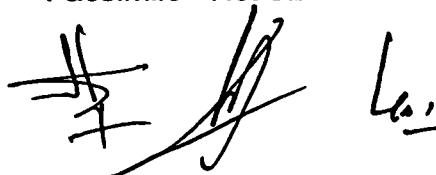
9. Safety and Environment

- 9.1 Licensee shall adopt appropriate Health, Safety and Environment measures/ practices in accordance with applicable national/ international standards or any other standard approved by the Authority.
- 9.2 Licensee will arrange disposal of removed hazardous liquid from bowsers, linepipe storage and storage cascades in accordance with national and international best practices.
- 9.3 The Licensee shall conform to the requirements of the Pakistan Environmental Protection Act, 1997 (XXXIV of 1997), as amended from time to time.

10. Notices

- 10.1. All notices to be given under any statute or terms and conditions of this licence 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: Managing Director
Sui Northern Gas Pipelines Limited,
21-Kashmir Road,
Lahore, Pakistan.
Telephone No: 92-42-9201451-59, 92-42-9201490-99
Facsimile No: 92-42-9201302



**Authority: Registrar,
Oil and Gas Regulatory Authority
Tariq Chambers, Block # 2
Civic Center, G-6 Markaz
Islamabad, Pakistan.
Telephone Number: 92-51-9221715-18
Facsimile Number: 92-51-9221714**

10.2. Any notice given under the provisions of Condition 10.1 shall be deemed to have been duly served and received:

10.2.1. at the actual time of delivery, if delivered personally;

10.2.2. within ten (10) working days subsequent to the date of postage, if sent by registered mail; and

10.2.3. at the time of receipt, if transmitted by facsimile where there is confirmation of uninterrupted transmission by a transmission report and provided that the original of the notice is then delivered personally or sent by registered mail as soon as reasonably practicable.

A handwritten signature in black ink, consisting of several stylized, overlapping strokes.