

GOVERNMENT OF PAKISTAN  
MINISTRY OF PETROLEUM AND NATURAL RESOURCES

NOTIFICATION

Islamabad, the 13<sup>th</sup> May, 1992

**S.R.O. 714 (I)/92.** —In exercise of the power conferred by section 2 of the Regulation of Mines and Oil fields and Mineral Development (Government Control) Act, 1948 (XXIV of 1948), the Federal Government is pleased to make the following rules, namely: -

**PART I**

1. **Short title and Commencement.** -(1) these rules may be called the Compressed Natural Gas (CNG) (Production and Marketing) Rules, 1992.

(2) They shall come into force at once.

2. **Definitions:** In these rules, unless there is anything repugnant in the subject or Context, -

- (a) "Area of operation" means the area within which a licensee is authorized to compress natural gas distribution of CNG in automotive(s);
- (b) "Authority" means the *Oil and Gas Regulatory Authority established under the Oil and Gas Regulatory Authority Ordinance, 2002 (XVII of 2002); (?)*
- (c) "Consumer" means any person or corporation who is supplied with compressed natural gas in his automotive(s) by a licensee for his own use but not for storage, processing, filling, sale or distribution of CNG;
- (d) "Corporation" includes any corporation, joint stock company, partnership association, business trust, organized group of persons, whether incorporated or not and receiver or trustee of any of them;
- (e) "Licensee" means a person or a corporation who holds a license under Part II of these rules;
- (f) "Compressed natural gas" or "CNG" means compressed gaseous fuel composed predominantly of methane (CH<sub>4</sub>);
- (g) "Meter" means all equipment used for the purpose of measuring the quantity of CNG supplied, and includes all kinds of apparatus upon whose reading or indication for the supply or sale of specified or unspecified time;
- (ga) "residential area" means any area, building location or piece of land, which is so declared by the relevant local Authority, for the purpose of residence only; **(a)**
- (h) "Sale price" means the price of CNG to be charged by a licensee under an agreement from the consumer (s);
- (i) "Supply mains" means a pipeline used for the transportation of natural gas for the purpose of sale to a licensee; and

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**(a)** *Inserted vide Statutory Notifications (S.R.O) No. 1133(I)/2008, dated 21<sup>st</sup> October, 2008*

**(?)** *Substituted vide Notification SRO No. 261(I)/2003 dated 15<sup>th</sup> March 2003*

- (j) "Works" includes pipelines, machinery or equipment including civil works established or installed, owned, controlled, operated or managed in connection with the compression of natural gas for the purpose of storage, filling or distribution of CNG.

## **PART II**

3. **License compulsory.** No person or corporation shall, without first obtaining a license from the Authority, undertake, or cause to be undertaken under any agreement, the operation or construction of works connected with compression of natural gas for the purpose of storing, filling or distribution of CNG.

4. **Application for license.** (i) A person or corporation may submit an application to the Authority for a license of a refueling station at the existing petrol pump or at separate site.

(ii) An application for license shall be in triplicate in the form annexed to these rules and shall be accompanied by a fee of Rs. 25,000/- Provided that where the grant of the license is refused, half of such fee shall be refunded to the applicant.

5. **Consideration of application.** (i) The Authority shall consider the application having regard to all the circumstances which appear to it to be relevant, and in particular, but not so as to limit the generality of the foregoing, to:

- (a) The public and national interest; and
- (b) The financial and technical competence of the applicant

(ii) The Authority may require such changes and alteration in the plants and in the details to be made, as it may deem expedient.

(iii) A licensee shall be bound by the provisions contained in these rules and such other terms and conditions as may be specified in the license.

6. **Authority may grant or refuse license.** (i) The Authority may grant a licence for the compression of natural gas for the purpose of storing, filling or distribution of CNG in accordance with these rules and may specify in the licence such terms and conditions as it may think fit to impose on the licensee or it may refuse to grant the license.

Provided that any person or corporation who or which was engaged, immediately before the commencement of these rules and with the approval of the Federal Government, in the compression of natural gas for the purpose of storing, filling or distribution of CNG or, in whose favour sanction for compression of natural gas for the purpose of storage, filling or distribution of CNG was issued by the Federal Government before such commencement shall be granted a licence, if such person or corporation makes an application in the form annexed to these rules for the purpose within three months from the commencement of these rules.

(ii) In case of refusal to grant a licence, an appeal shall lie from the decision of the Authority to the Federal Government.

7. **Period of Licence-** (i) A licence granted under these Rules shall be initially valid for a period of up to two years during which period the licensee shall execute the works in pursuance of rule 10 hereof. On completion of works, satisfactory to the Authority, the period of licence shall be extended up to a maximum period of fifteen years.

(ii) On the expiry of the licence granted under these rules, a licence, unless earlier revoked under rule 8, may be renewed from time to time for a period of 5 years each time on payment of a fee of rupees 25,000/-.

(iii) Every licensee desiring to have his licence renewed shall make an application in that behalf to the Authority not less than three months preceding the expiry of the period for which the licence is valid.

(iv) No application for a renewal of a licence shall be refused unless the licensee has been given an opportunity of being heard.

(v) In case of refusal to renew a licence an appeal shall lie from the decision of the Authority to the Federal Government.

8. **Revocation or amendment of licenses.** (i) The Authority may, if in its opinion the public interest so requires, revoke a license in any of the following cases, namely:-

(a) Where the licensee, in the opinion of the Authority makes willful and unreasonably prolonged default in doing any thing required of him under the licence granted to him or by these rules and has been informed in writing to that effect by the Authority,

(b) Where the licensee violates any of the terms and conditions of this license and is so informed in writing and does not rectify the violation within the time specified,

(c) Where the licensee is, in the opinion of the authority, unable by reason of his insolvency fully and efficiently to discharge the duties and obligations imposed on him by his licence.

(ii) Where, in the opinion of the Authority, the public and national interest so require the Authority may, instead of revoking a licence under sub-rule (1), permit it to remain in force in relation to the whole or any part of the area of operation with such alteration or amendments in the terms and conditions of the licence as it thinks fit to make or upon such new terms and conditions as it may impose upon the licensee.

(iii) In case of revocation of a license or any alteration or amendment in the terms and conditions thereof, an appeal shall lie from the decision of the Authority to the Federal Government.

9. **Licensee not to sell, assign, transfer, convey or lease his license or works**-No licensee shall, without the previous approval in writing of the Authority,

(a) Sell, assign, transfer, convey or lease his license or his works or any interest therein in whole or in part;

(b) Enter into any agreement or contract for-

(i) the amalgamation of his works with those of any other person or corporation; or

(ii) the operation of his works by any other person or corporation;

(c) Mortgage or otherwise create a charge upon the works or any interest Therein.

10. **Execution of works after commencement of licence** – (i) The licensee, after the commencement of the licence, shall execute to the satisfaction of the Authority his works in accordance with the code of practice, amended from time to time, appended to these rules, within

a period of two years or; such further period as the Authority may allow under special circumstances proved by the licensee to be beyond his control.

(ii) The Authority shall appoint third party inspector or inspectors for the purpose of verification of works of the licensee in pursuance of sub rule (1) of rule 10 hereof and the licensee shall pay to such third party inspector or inspectors a reasonable fee, as determined by the Authority from time to time, for the purpose of such inspection or inspections.

11. **Addition to or extension of the works** - A licensee shall not make any alteration in, addition to, or extension of, his works as given in his plan and approved by the Authority, unless such alteration, addition or extension is authorized by the Authority.

12. **Right to discontinue supply.**- A licensee may temporarily discontinue supply of CNG when such discontinuance becomes necessary for the maintenance of works.

### **PART III**

#### **CHARGES AND ACCOUNTS**

13. **Price of CNG to be sold**-The price for CNG sold by a licensee to consumer(s) shall be charged in accordance with an agreement to be concluded between the licensee and the consumer(s)

14. **Measurement**.- (i) the amount of natural gas supplied to a licensee and CNG supplied to a consumer shall be ascertained by means of a correct meter. A meter shall be deemed to be correct if it registers the amount of natural gas or CNG supplied within the limits of error approved by the Authority and complies with such conditions as may be prescribed by the Authority.

(ii) A licensee may require a consumer to give him security deposits for the price of CNG kit and ancillary equipment for the conversion of petrol or diesel vehicles into CNG vehicle or to enter into an agreement for the hire and maintenance thereof, and where the licensee or the consumer as the case may be, enters into such an agreement the latter shall keep CNG kit and ancillary equipment for such conversion in correct and good conditions.

15. **Willful hindrance in submitting records, etc, unlawful.**- No licensee or consumer shall willfully hinder, delay or obstruct the making, submitting or keeping of any information, document, report, memorandum or record or account required to be made, submitted or kept under these rules.

### **PART IV**

#### **GENERAL**

16. **Entry, inspection and enforcement of the rules.**- The Authority or any person duly authorized by the Authority in this behalf may enter, inspect and examine any place in which he has reason to believe that there is any work (s) for compressing natural gas for the purpose of storing, measuring or distribution of CNG and take other necessary steps for the due observance of the provisions of these rules by licensees, consumers or any other person connected with the storage, filling, distribution and use of CNG.

17. **Protection for acts done in good faith.**- No suit, prosecution, or other proceeding shall be instituted against the Authority for anything done, or purporting to be done, in public interest under the provision of these Rules.

18. **Protection to public.**-(i) No licensee shall locate or construct any new works and CNG refueling station in any residential area. A licensee shall locate, construct and operate his pipeline and all works connected with CNG Refueling Station, and installation of CNG equipment in automobiles in accordance with the licence granted by the Chief Inspector of Explosives under the Mineral Gas Safety Rules, 1960, and strictly comply with the provisions of the Petroleum Rules 1937 and the Gas Cylinder Rules, 1940, so as to avoid any danger to the public health or safety” and (a)

(2) Area of operation shall be clear of any residential area, whether inhabited or not, by a minimum distance of 100 feet distance on either side from such building or area. (b)

19. **Marking of works.**- A licensee shall mark with conspicuous signs the place of his works.

20. **Penalty for breach of rules.**- Whosoever commits a breach of these rules shall without prejudice to any other action that may be taken against him , be punishable for every such breach with fine which may extend to fifty thousand rupees.

Sd/-

**KUNWAR IDRIS**  
Secretary

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(a) Inserted vide Statutory Notifications (S.R.O) No. 1133(I)/2008, dated 21<sup>st</sup> October, 2008

(b) Substituted vide Statutory Notifications (S.R.O) No. 1133(I)/2008, dated 21<sup>st</sup> October, 2008