

# OIL AND GAS REGULATORY AUTHORITY

Plot #54, Fazal-e-Haq Road, near PIA Building, Blue Area, Islamabad, Pakistan.

## PRESS RELEASE

**Islamabad February 28, 2010:** The Oil and Gas Regulatory Authority (OGRA) has announced new maximum ex-depot prices of petroleum products, based on import parity price formula approved by Federal Government, effective **March 01, 2010** as follows:-

Rs. Per Litre

Product	Existing Price	Revised w.e.f Mar 01, 2010	Difference inc/(dec)	%age
Motor Spirit	71.21	70.57	(0.64)	-1%
HOBC	86.84	86.06	(0.78)	-1%
Kerosene Oil	64.06	61.50	(2.56)	-4%
LDO	61.07	59.47	(1.60)	-3%

This revision in prices was necessitated due to decline in Arab Gulf petroleum product prices over the month of February 2010, which is evident from the following table;

Product		Unit	Effective February 01, 2010	Effective March 01, 2010	Difference inc/(dec)	%age
Motor Spirit 95 RON	C&F	\$/ BBL	86.39	85.32	(1.07)	-1%
Kerosene Oil	C&F	\$/ BBL	85.06	81.25	(3.81)	-4%
HSD	C&F	\$/ BBL	83.18	81.10	(2.08)	-3%
Furnace Oil	C&F	\$/ MT	496.19	473.20	(22.99)	-5%
Arab Light Crude Oil	FOB	\$/ BBL	77.64	73.66	(3.98)	-5%
Exchange Rate		Rs/US\$	84.69	85.06	0.37	0.4%

It is evident from above that the decline in local petroleum prices is in line with the international downward trend.

Detailed computations are available at OGRA's website ([www.ogra.org.pk](http://www.ogra.org.pk)).

## **BRIEF ON POL PRODUCTS PRICING**

1. Oil and Gas Regulatory Authority (OGRA) was mandated by the Federal Government vide Cabinet's decision No. 41/03/2006, dated March 02, 2006, to fix prices of petroleum products w.e.f. April 01, 2006, **in accordance with the Government's prescribed formula**, under Section 6(2)(r) (relating to function and powers of OGRA) and Section 21(2)(b) (relating to policy guidelines) of Oil and Gas Regulatory Authority Ordinance 2002.

2. Under the above mentioned **Cabinet decision**, OGRA is required to compute and notify the ex-depot sale prices of MS 87 RON, HOBC, Kerosene Oil, Light Diesel Oil, JP - 1, JP - 8 and JP - 4 **in accordance with the prescribed formula, given below:**

Ex-refinery import parity price, computed **per formula approved by ECC** on Dec 23, 2000 and subsequent modifications made from time to time.

Plus Inland Freight Equalization Margin (IFEM) **as determined by OGRA**

Plus 4% Distribution Margin and 5% Dealer Commission subject to minimum of USD 45 and maximum of USD 80 of Arab Light crude oil per barrel.

Plus Petroleum Levy, as **notified by Ministry of Petroleum & Natural Resources** (MPNR) from time to time.

Plus General Sales Tax @ 16% of depot price on the amount included all above elements **payable under the Sales Tax law.**

3. The Federal Government has linked the local prices with the developments in the international oil market and has been passing the impact to domestic prices accordingly.

4. The Arab Gulf petroleum product prices showed slight decline during the month of February 2010 as evident from the data placed at **Annex-I**. Accordingly, OGRA

notified the revised price of petrol, HOBC, kerosene oil and LDO which were declined by 1%, 1%, 4% and 3% respectively w.e.f March 01, 2010. Detailed computation for the month effective March 1, 2010 is placed at Annex-III.

5. The Arab Gulf petroleum product prices showed steep increase during the month of January 2010 as evident from the data placed at **Annex-I**. Accordingly, OGRA notified the revised price of petrol, HOBC, kerosene oil and LDO which were increased by 9%, 9%, 5% and 5% respectively w.e.f February 01, 2010.

6. Oil prices in the Arab Gulf market during the month of December 2009, showed declining trend as evident from the FoB price data reproduced at **Annex-I**. Accordingly, the prices for petrol, HOBC, kerosene oil and LDO were reduced by 1%, 1%, 3% and 4% respectively w.e.f January 01, 2010, as evident from the data provided at Annex-II.

## Comparison of Arab Gulf Prices and Exchange Rate

Annex-I

Product		Unit	Effective December 01, 2009	Effective January 01, 2010	Difference inc/(dec)	%age	Effective February 01, 2010	Difference inc/(dec)	%age	Effective March 01, 2010	Difference inc/(dec)	%age
			<b>A</b>	<b>B</b>	<b>B-A</b>		<b>C</b>	<b>C-B</b>		<b>D</b>	<b>D-C</b>	
Furnace Oil	C&F	\$ / MT	479.86	476.69	(3.17)	-1%	496.19	19.50	4%	473.20	(22.99)	-5%
Kerosene Oil	C&F	\$ / BBL	84.24	81.23	(3.00)	-4%	85.06	3.82	5%	81.25	(3.81)	-4%
HSD	C&F	\$ / BBL	83.26	79.28	(3.98)	-5%	83.18	3.90	5%	81.10	(2.08)	-3%
Motor Spirit 95 RON	C&F	\$ / BBL	81.13	79.57	(1.56)	-2%	86.39	6.82	9%	85.32	(1.07)	-1%
Arab Light Crude Oil	FOB	\$ / BBL	77.96	75.90	(2.06)	-3%	77.64	1.74	2%	73.66	(3.98)	-5%
Exchange Rate		Rs/US\$	83.66	84.16	0.50	0.6%	84.69	0.53	0.6%	85.06	0.36	0.4%

## Comparison of Local POL product Prices

Annex-II

Product	Unit	Effective December 01, 2009	Effective January 01, 2010	Difference inc/(dec)	%age	Effective February 01, 2010	Difference inc/(dec)	%age	Effective March 01, 2010	Difference inc/(dec)	%age
		<b>A</b>	<b>B</b>	<b>B-A</b>		<b>C</b>	<b>C-B</b>		<b>D</b>	<b>D-C</b>	
Petrol	Rs/Litre	66.00	65.11	(0.89)	-1%	71.21	6.10	9%	70.57	(0.64)	-1%
HOBC	Rs/Litre	80.52	79.43	(1.09)	-1%	86.84	7.41	9%	86.06	(0.78)	-1%
Kero	Rs/Litre	62.63	60.75	(1.88)	-3%	64.06	3.31	5%	61.50	(2.56)	-4%
LDO	Rs/Litre	60.22	58.10	(2.12)	-4%	61.07	2.97	5%	59.47	(1.60)	-3%



<b>OIL AND GAS REGULATORY AUTHORITY</b>																		
<b>Ex - Depot Sale Price Calculation</b>																		
<b>With effect from March 1, 2010.</b>																		
	<b>MOTOR GASOLINE</b>			<b>H . O . B . C .</b>			<b>KEROSENE</b>		<b>L . D . O .</b>		<b>JP. - 4</b>	<b>JP. - 8</b>		<b>J . P . - 1</b>				
	Retail	Rail/Def	Direct	Retail	Rail/Def	Direct	Direct	Rail/Def	Direct	Rail/Def	Defense	Defense		Domestic	Foreign	Technical		
												Ex-Parco	Other refineries					
Ex-refinery	42.38	42.38	42.38	47.16	47.16	47.16	43.93	43.93	44.31	44.31	42.84	43.93	43.93	44.16	44.16	44.16		
IFEM*	4.26	-	4.26	8.06	-	8.06	1.28	-	2.10	-	-	2.59	-	-	-	-		
	46.64	42.38	46.64	55.22	47.16	55.22	45.21	43.93	46.41	44.31	42.84	46.52	43.93	44.16	44.16	44.16		
Distributor margin	1.87	-	1.87	2.21	-	2.21	1.81	-	1.86	-	-	-	-	0.02	0.02	0.02		
Dealers margin	2.33	-	-	2.76	-	-	-	-	-	-	-	-	-	-	-	-		
Petroleum Levy	10.00	12.33	12.33	14.00	16.76	16.76	6.00	6.00	3.00	3.00	-	-	-	-	-	-		
Price before Sales Tax	60.84	54.71	60.84	74.19	63.92	74.19	53.02	49.93	51.27	47.31	42.84	46.52	43.93	44.18	44.18	44.18		
Sales tax	9.73	8.75	9.73	11.87	10.23	11.87	8.48	7.99	8.20	7.57	6.85	7.44	7.03	7.07	-	-		
Max. ex-depot sale price	<b>70.57</b>	<b>63.46</b>	<b>70.57</b>	<b>86.06</b>	<b>74.15</b>	<b>86.06</b>	<b>61.50</b>	<b>57.92</b>	<b>59.47</b>	<b>54.88</b>	<b>49.69</b>	<b>53.96</b>	<b>50.96</b>	<b>51.25</b>	<b>44.18</b>	<b>44.18</b>		
<b>Max. ex-depot sale price</b>	<b>70.57</b>		<b>70.57</b>	<b>86.06</b>		<b>86.06</b>	<b>61.50</b>		<b>59.47</b>		<b>49.69</b>	<b>53.96</b>	<b>50.96</b>	<b>51.25</b>	<b>44.18</b>	<b>44.18</b>		
<b>Price Build-up for JP-1:</b>																		
<b>Domestic</b>																		
IPP price	<b>44.16</b>																	
<b>Foreign</b>																		
	\$/gallon	Per bbl	Per ton	Per liter	<b>Technical landing</b>						\$/gallon	Per bbl	Per ton	Per liter				
Ex Refinery	1.96513				Ex Refinery						1.96513							
Ex Refinery	1.96513				Ex Refinery						1.96513							
Distributor margin	0.12000				Distributor margin						0.10000							
Into plane price	in US \$	2.08513	<b>87.575</b>	707.942	0.551	Into plane price						in US \$	2.06513	<b>86.735</b>	701.151	0.546		
	US cents	<b>208.51</b>										US cents	<b>206.51</b>					
Into plane price	in Pak Rs.	177.35	7,448.78	60,214.69	<b>46.85</b>	Into plane price						in Pak Rs.	175.651	7,377.33	59,637.07	<b>46.40</b>		
<b>Exchange rate</b>	85.06																	
* IFEM as determined by OGRA subject to adjustment on the basis of actual monthly freight computation. In case of JP-8 Ex-PARCO, inland freight cost has been included per MPNR's advice.																		