



OIL & GAS REGULATORY AUTHORITY

License No. OGRA-9(81)-LNG/2014

13th June 2014

LICENSE FOR CONSTRUCTION AND OPERATION OF LNG RECEIVING TERMINAL ELENGY TERMINAL PAKISTAN LIMITED (ETPL)

The Oil and 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 Section 22 of the Ordinance and Rule 3 (2) of OGRA (Liquefied Natural Gas) Rules, 2007 (the "LNG Rules") hereby grants to "**Elengy Terminal Pakistan Limited**" registered office at **8th Floor, The Harbor Front Building, HC-3, Marine Drive, Block-4, Clifton, Karachi 75600, Pakistan** (the "Licensee") a license to undertake the following regulated activities subject to the terms and conditions given hereinafter;

Regulated Activities:

- a. Construction and Installation of prebuilt floating LNG storage facility, construction of LNG terminal including all allied facilities and fixed or floating. LNG regasification facility [Floating Storage Regasification Unit (FSRU),] **at Port Qasim in Front of Gharo Creek, Karachi.**
- b. Licensee shall construct, install LNG Receiving Terminal, including jetty (platform, catwalk, mooring and breasting dolphin arrangement, quick release coupling and other equipment necessary to build jetty as per international standards), LNG transfer facility, Utility Systems, LNG and RLNG processing facilities at Port Qasim in front of Gharo Creek, Karachi within twenty four months of grant of this licence or within the period of Implementation Agreement being signed with Port Qasim Authority by ETPL whichever is longer.
- c. Operation of LNG Receiving Terminal, by Licensee shall only be commenced after an independent consultant of international repute, appointed by the Authority pursuant to Rule 31(1)(ii) of the LNG Rules 2007, confirms that the project, the terminal and its allied facilities, meet the standards specified by OGRA and it has been successfully commissioned in accordance with project implementation plan submitted along with the application, or any amendment subsequently incorporated therein with the prior approval of the Authority; and after issuance of the License for operation of the terminal alongwith specific set of terms and conditions.

License Validity:

- (I) The License shall be valid for 2 years with effect from the date of issuance of this licence unless revoked or modified earlier under the provisions of OGRA Ordinance 2002, LNG Policy 2011, LNG Rules 2007 and any other applicable law.
- (II) In case of promulgation of additional or subsequent legislation, this License shall be renewed upon request of the "Licensee" or as modified by the Licensing Authority.

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54-B, Fazal-e-Haq Road, Blue Area, Islamabad, Pakistan.

Tel: +92-51-9221715-18, Fax: +92-51-9221714

Website: www.ogra.org.pk

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GENERAL CONDITIONS APPLICABLE TO THE LICENSEE

1. Applicability of the Terms and Conditions:

- 1.1 The terms and conditions of this license shall be applicable to the Licensee and the performance of regulated activities by Licensee shall be governed by the provisions of the OGRA Ordinance 2002 and the applicable rules / regulations made thereunder including definitions as envisaged in said law.
- 1.2 This License is only for installation of FSRU and construction of LNG Receiving Terminal and allied facilities at Port Qasim, Karachi, Sindh, which shall include installation and construction of such other facilities required for LNG Unloading, Storage and Regasification. However, the Licensee shall not undertake any other regulated activity, not specified herein without prior written approval or obtaining a license, as the case may be, from the Authority.

2. License Type:

- 2.1 LNG Terminal owner and operator / Un-bundled project structure license (LNG Policy 2011)

3. Terminal Capacity:

- 3.1 The project is permitted to have a handling capacity upto 500 MMCFD of Re-gasified LNG (RLNG). Any further extension in terminal capacity will be allowed under OGRA (LNG) Rules, 2007.

4. Payment of Fee:

- 4.1 The Licensee shall promptly and regularly pay the fees prescribed in LNG Rules, 2007. The Licensee shall pay to the Authority, fee for grant of license and carrying out regulated activities, as specified in the LNG Rules or in accordance with other applicable rules made under the Ordinance, effective from the date of grant of Provisional License.
- 4.2 The annual fees shall be payable by the Licensee at the time of the grant or renewal of License as the case may be, yearly in advance in accordance with Rule 29 and Schedule II of OGRA (LNG) Rules, 2007, effective from the grant of the License.
- 4.3 The Licensee shall be responsible for meeting its financial obligations to the Authority.

5. Compliance with Laws:

- 5.1 The Licensee shall ensure that it complies at all times with the applicable laws of Pakistan and in particular with the provisions of the Ordinance, LNG Policy, LNG Rules 2007 and the terms and conditions of this license.
- 5.2 The breach of any provision of the Ordinance, LNG Policy or the LNG Rules 2007 shall be deemed to be a breach of the terms and conditions of the License.

6. Modification, Renewal or Revocation of License:

- 6.1 On an application made by the Licensee to the Authority by filing it with the Registrar along with such fee as may be determined by the Authority, the License or the terms and conditions thereof may be modified by the Authority in accordance with the provisions of the Ordinance and the Rules made there under.
- 6.2 The Authority may initiate the process of modification of the terms and conditions of a License without a request from the Licensee if the Authority determines, for reasons to be recorded in writing that it is in the public interest to do so. Prior to any modification, the Authority may hold a hearing in accordance with the provisions of Rule 10 of LNG Rules 2007.
- 6.3 A Licensee may apply for the extension in its License at least six months prior to the expiry thereof. The Authority may extend the License on such terms and conditions as it may deem appropriate in accordance with LNG Rules 2007.
- 6.4 The Authority may revoke the License in the public interest in accordance with the LNG Rules 2007. If it is in the public interest to do so, instead of revoking the License, the Authority may

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permit the License to remain in force with such amendments or such terms and conditions as it deems appropriate.

7. Project Implementation Plan, Timeline and Milestone:

7.1 The Licensee shall submit to the Authority, project implementation plan and construction schedule of LNG receiving terminal within 15 days of issuance of this licence. The timeline for completion of the project must be strictly followed.

8. Maintenance of Record and Provision of Information:

8.1 The Licensee shall keep complete and accurate record and data regarding the construction of LNG Terminal (Storage, Regasification and Jetty) as may be required for the purpose of this License in appropriate manner. The Licensee shall provide to the Authority promptly as per project Timeline and Milestone Date and such other documents, records or information regarding the construction of LNG terminal as the Authority may require pursuant to the Ordinance, the Rules and Regulations made thereunder.

9. Assignment and Transfer:

9.1 The Licensee shall not create any change on or otherwise encumber, assign or transfer the Licence or any rights or obligations thereunder without having obtained the prior written approval of the Authority in accordance with the provisions of the Ordinance and Rule 17 of the LNG Rules 2007.

10. Technical Standards:

10.1 The Licensee shall ensure that the location, design and construction of the LNG terminal and allied facilities comply with the provisions of the Ordinance, LNG Policy 2011 and LNG Rules 2007 and not endanger public health or safety.

11. Environmental Standards:

11.1 The Licensee shall strictly follow the requirements of the Pakistan Environmental Protection Act, 1997 (XXXIV of 1997) as amended from time to time.

11.2 The Licensee shall ensure that the LNG terminal complies with the Pakistan Environmental Protection Act, with the World Bank HSE guideline and all relevant provisions stipulated in the Ordinance, LNG Policy 2011 and LNG Rules pertaining to Environmental Standards.

12. Inspection by Authority:

12.1 The Licensee shall permit any person duly authorized by the Authority to carry out such inspection and examination of any of its assets or records as may be required to be undertaken by the Authority to comply with its functions or to exercise its powers under the Ordinance and the Rules.

13. Enforcement:

13.1 If the Authority is of the opinion that the Licensee has contravened any condition of the Licence, the Authority may take such action as prescribed in the Rules.

14. Accounting Requirements:

14.1 The Licensee shall maintain, keep, preserve and submit to the Authority, audited yearly accounts.

14.2 The Authority may require the Licensee to have the accounts further audited in line with the provisions of Rule 18(2) of the LNG Rules.

15. Training, Research and Development:

15.1 The Licensee shall allocate appropriate resources for (i) Research and development to improve operational efficiency and safety aspect of its regulated activities and (ii) Training of its employees and other parties which are involved in the process including OGRA as and when required.

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- 15.2 The developments as a result of R&D activities and its enforcement / applicability by the Licensee shall be shared with the Authority.
- 16. Quarterly Report:**
- 16.1 Quarterly report alongwith project risk analysis is required to be submitted to the Authority, by first week of each quarter commencing from July 1, 2014.
- 17. Details of Terminal Tariff:**
- 17.1 Policy guidelines as approved by ECC/Federal Cabinet vide decision dated 28th February 2014 and levelised tolling tariff conveyed to OGRA vide Ministry of Petroleum & Natural Resources letter No. NG-II 12(62)/14-LNG-Interim-Pt-2 dated 15th May 2014 shall be applicable to the project.
- 17.2 The Licensee shall, however, submit to the Authority, the financial details of terminal tariff alongwith supporting documents on quarterly basis.
- 18. Safety and Security of LNG Terminal:**
- 18.1 The Licensee shall ensure that its LNG terminal is surrounded by safety zones, meeting the industry standards set forth in safety codes issued by the National Fire Protection Association of the USA.
- 18.2 The responsibility of safety and security of LNG terminal and other allied facilities/ infrastructure, shall be that of Licensee.
- 19. NOCs, Consents and Approvals:**
- 19.1 The Licensee shall be required to obtain all NOCs, consents and approvals from relevant authorities, wherever and whenever required.
- 20. Inspection by the Consultant/Expert:**
- 20.1 The discrepancies in construction of LNG terminal, if pointed out by the Consultant/Expert, shall be removed by the Licensee entirely at his own risk and cost, without any obligation on the Authority. Once the discrepancies are removed and a satisfactory report is given by the Consultant/Expert that the construction of LNG terminal is as per the technical, financial and other aspects as specified in LNG Rules and Policy, the permission for operation of LNG terminal shall be considered by the Authority.
- 21. Abandonment of Regulated Activity:**
- 21.1 The Licensee shall not abandon the undertaking of a regulated activity without the prior written consent of the Authority.
- 22. Insurance:**
- 22.1 The Licensee shall obtain and maintain insurance, from an insurer or syndicate approved by the Authority, to cover all liabilities that may arise from the undertaking of the regulated activity.
- 23. LNG/RLNG Specification:**
- 23.1 Once the LNG regasification terminal is operational after fulfillment of the requirements as per this license, a quarterly report of the specifications of LNG/RLNG regasified and delivered to the customer by the Licensee shall be submitted to the Authority.
- 24. Sale, Pledge, Mortgage and Change Over of Assets:**
- 24.1 The Licensee shall not sale or pledge of, or mortgage or charge over, any of its assets (except for securing repayment of a loan or other financing facility obtained in the normal course of business) or by contract or otherwise, render itself incapable of performing any of its obligations under the licence, without prior written approval of the Authority.

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Modification or Expansion of the Project:

25.1 The Licensee shall not undertake any modification or expansion of the project unless approval of the Authority has been obtained by making an application at least six months prior to the realization of any such modification or expansion.

26. Change in Ownership:

26.1 The Licensee shall not allow any change in its ownership or controlling interest without the prior written approval of the Authority.

27. Penalties and Cancellation of Licence:

27.1 Failure to comply with the above conditions and timeline shall be subject to penalties, including cancellation of this licence, in accordance with the relevant rules, made under the Ordinance.

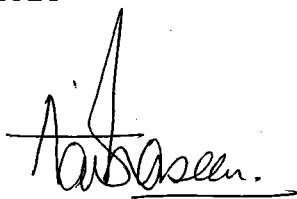
28. Notices:

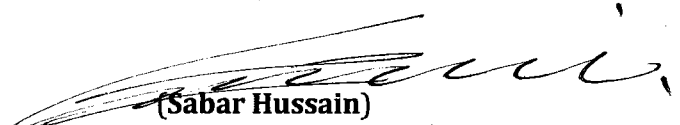
28.1 All notices to be given under any Condition shall be given in writing and shall be deemed to have been properly served if delivered in person or sent by registered mail by a courier to the relevant party at the address set out below or at such other address as that party may from time to time specify in writing to the other. In addition to the above it may also be transmitted by facsimile.


Licensee: Chief Executive Officer
ELENGY TERMINAL PAKISTAN (PVT.) LIMITED (ETPL)
8th Floor, The Harbor Front Building,
HC-3, Marine Drive, Block-4, Clifton,
Karachi 75600, Pakistan.
Tel: +92(21)35293900, Fax: +92(21)35293906

OGRA: Registrar,
OIL AND GAS REGULATORY AUTHORITY (OGRA)
54-B, Fazal-e-Haq Road, Blue Area,
Near PIA Head office, Islamabad, Pakistan.
Tel: 92(51)9221704, Fax: 92(51)9221714

Dated: 13th June 2014


(Aamir Naseem)
Member (Gas)


(Sabar Hussain)
Vice Chairman / Member (Oil)


(Saeed Ahmed Khan)
Chairman

Most Immediate

No. NG-II/12(62)/14-LNG-Interim-Pt-2
Government of Pakistan
Ministry of Petroleum & Natural Resources
Directorate General (Liquefied Gases)
21-E Huma Plaza, Blue Area,

Islamabad, the 15th May 2014

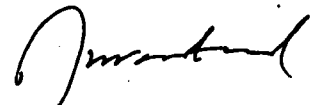
**Chairman,
Oil & Gas Regulatory Authority,
Islamabad**

Subject: FAST TRACK LNG SERVICES PROJECT

I am directed to say that Cabinet considered the summary dated 11th March 2014 (copy attached) submitted by the Petroleum & Natural Resources Division for Fast Track LNG Services Project and endorsed the decision of ECC dated 28-02-2014 in case No. 45/07/2014 (attached with the Cabinet summary) with the following stipulations;

- i. The policy guideline regarding levelised tolling tariff of US \$ 0.66 per MMBTU, secured through competitive bidding process, shall be issued to OGRA in terms of OGRA Ordinance 2002; and
 - ii. All other commercial aspects of the import of LNG agreement shall be settled between the respective parties to the contract.
2. OGRA is therefore requested to take further necessary action to implement the above Cabinet decision under intimation to this office.

Yours sincerely,



(IMRAN AHMED)
Director (LGs)
Ph: 051-9205797

Copy to:

- i. MD, SSGCL, Karachi
- ii. MD, ISGSL, Islamabad
- iii. MD, SNGPL, Lahore
- iv. Director to Minister for P&NR
- v. SPS to Secretary P&NR
- vi. PS to AS(P), P&NR



OIL & GAS REGULATORY AUTHORITY

OGRA-9(81)-LNG/2014

IN THE MATTER OF

**ELENGY TERMINAL PAKISTAN LIMITED (ETPL)'s
GRANT OF LICENCE TO UNDERTAKE REGULATED ACTIVITIES
OF CONSTRUCTION & OPERATION OF LIQUEFIED NATURAL
GAS (LNG) RECEIVING TERMINAL
AT PORT QASIM, KARACHI**

UNDER

OIL AND GAS REGULATORY AUTHORITY ORDINANCE, 2002

AND

**OIL AND GAS REGULATORY AUTHORITY (LIQUEFIED
NATURAL GAS) RULES, 2007**

DECISION

JUNE 13, 2014

Saeed Ahmad Khan, Chairman

Sabar Hussain, Vice Chairman/ Member (Oil)

Aamir Naseem, Member (Gas)

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AUTHORITY'S DECISION

Subject: GRANT OF LICENCE TO UNDERTAKE REGULATED ACTIVITIES RELATED TO LIQUEFIED NATURAL GAS (LNG) AT PORT QASIM, KARACHI

1. Engro Vopak Terminal Limited (EVTL) ["Applicant"] filed a petition on July 26, 2013 with OGRA under Rule 4 of Oil and Gas Regulatory Authority (LNG) Rules, 2007 to undertake the following regulated activities at Port Qasim, Karachi:-
 - a) *Construction and operation of LNG Receiving Terminal,*
 - b) *Construction and operation of LNG Storage Facility,*
 - c) *LNG Processing, Testing Facility (Construction and Operation), Transportation of LNG, Filling of LNG, Marketing and Distribution of LNG*
2. EVTL vide its letter dated February 01, 2012 informed that all future development work on the LNG project would be carried out by ETPL which is a subsidiary of Engro Corporation and all studies conducted and other development work completed to date by EVTL/ECorp or by any other consultants, approvals and / or licence obtained, Memorandum of Understanding or Confidential Agreements or all other agreements signed for the LNG project of EVTL/ECorp officially assign and transfer to ETPL.
3. In pursuance of LNG Policy 2011 and LNG Rules, 2007, SGS (Consultant/Expert) was appointed by OGRA to determine whether the application of ETPL meets the requirements of LNG Policy 2011, OGRA Ordinance and LNG Rules, 2007. SGS vide its report dated 31st January 2014 concluded that application filed by ETPL fulfills the requirements of LNG Rules, 2007 and LNG Policy 2011, however NOCs from relevant quarters like Port Qasim Authority (PQA) and Ministry of Defence (MoD) were to be required. In view of SGS's report, the Authority admitted the subject petition for consideration without requiring attendance of the applicant.
4. OGRA, through Public Notice published in the newspapers on 14-02-2014 invited all interveners and interested / affected persons and parties to furnish their comments / interventions / views, if any, within 14 days from the date of publication of the said notice and decided to hold public hearing which was held on 27-02-2014. The said Hearing was adjourned and re-fixed for 25-03-2014 on the request of the interveners.
5. Public hearing notice was published in the newspapers on 06-03-2014 & 11-03-2014 through which all interveners and interested / affected persons and parties were again invited to furnish their comments / interventions / views, if any, within 14 days from the date of publication of the said notices.

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6. The Authority held Public Hearing on 25-03-2014 at Karachi in which the following interveners made verbal / written presentations:-
- a) *Pakistan Gasport Limited, Islamabad.*
 - b) *M/s Yaser Masood & Associates, Lahore*
 - c) *Mr. Shahid M. Sattar, Islamabad.*
 - d) *Fauji Oil Terminal & Distribution Co. Ltd, Karachi*
 - e) *M/s Legal Blackstone, Karachi*
 - f) *Fauji Akbar Portia Marine Terminals Limited, Karachi*
 - g) *Consumer Rights Commission of Pakistan*
7. The Authority, after detailed scrutiny of the petition / available record and hearing viewpoints of the parties conclude that the main objections raised by interveners is of the project site which comes under the domain of PQA and MoD.
8. In view of above, OGRA vide letters and reminders dated April 08, 10 & 25, 2014 and May 23, 2014 advised the applicant to provide the NOCs from PQA and MoD in order to process the case further. The requisite documents i.e. NOC from PQA dated 06-6-2014 and MoD letter dated June, 2014 were submitted by the applicant accordingly.
9. Further, the Authority arrives at the conclusion that the applicant fulfills the legal requirements and is entitled to the requisite licence. Therefore, the Authority hereby grants the licence to the applicant to undertake the following regulated activities in pursuance of Sections 22(1) and 23(6) of the Oil and Gas Regulatory Authority Ordinance, 2002 read with Rule 3(2) of OGRA (Liquefied Natural Gas) Rules, 2007:-
- a) *Construction and Installation of prebuilt floating LNG storage facility, construction of LNG terminal including all allied facilities and fixed or floating LNG regasification facility [Floating Storage Regasification Unit (FSRU),] at Port Qasim in Front of Gharo Creek, Karachi.*
 - b) *Licensee shall construct, install LNG Receiving Terminal, including jetty (platform, catwalk, mooring and breasting dolphin arrangement, quick release coupling and other equipment necessary to build jetty as per international standards), LNG transfer facility, Utility Systems, LNG and RLNG processing facilities at Port Qasim in front of Gharo Creek, Karachi within twenty four months of grant of this licence or within the period of Implementation Agreement being signed with Port Qasim Authority by ETPL whichever is longer.*
 - c) *Operation of LNG Receiving Terminal, by Licensee shall only be commenced after an independent consultant of international repute, appointed by the Authority pursuant to Rule 31(1)(ii) of the LNG Rules 2007, confirms that the project, the terminal and its allied facilities, meet the standards specified by OGRA and it has been successfully commissioned in accordance with project*

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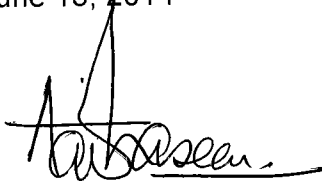
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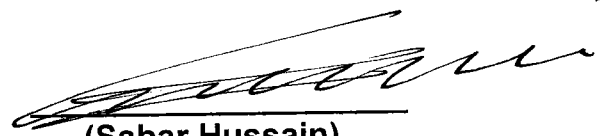
implementation plan submitted along with the application, or any amendment subsequently incorporated therein with the prior approval of the Authority; and after issuance of the License for operation of the terminal alongwith specific set of terms and conditions.

10. The applicant shall comply with the provisions of applicable rules framed under OGRA Ordinance, 2002 and Federal Government and OGRA's directions issued from time to time.
11. The licence contains six [06] pages is also attached herewith.


Dated: June 13, 2014



(Aamir Naseem) 13/6
Member (Gas)



(Sabar Hussain)
Vice Chairman/ Member (Oil)



(Saeed Ahmad Khan)
Chairman