Oil and Gas Regulatory Authority

GUIDE BOOK FOR GRANT OF LICENSE(S) IN LPG/LNG SECTOR

CHECKLIST

LPG/LNG SECTOR

OGRA is empowered to regulate the LPG sector under the OGRA Ordinance, 2002 and LPG (Production & Distribution) Rules, 2001 with effect from 15th March, 2003, since then OGRA has been regulating the sector in accordance with LPG (Production & Distribution) Rules, 2001 and the policies of the Federal Government. OGRA issues licenses to construct and operate LPG production, storage/filling facilities, air-mix plants and LPG auto-refueling stations under LPG Rules, 2001.

Regulation of LNG sector is governed under OGRA (LNG) Rules, 2007 which define pre-requisites for obtaining licenses. LNG rules encourage prospective project developer to enter into LNG market after fulfillment of requisite formalities including license from OGRA as per present policy.

CATEGORY OF LICENSES

- Lincence for Production / Extraction and LPG Air-Mix facilities
- Licence for LPG Storage and Filling Plants facilities
- Licence for LPG Auto Refueling Stations
- Licence for LNG

CHECKLIST

A) Requirements for Production / Extraction and LPG Air-Mix Facilities

i. The applications for grant of licences for LPG Production / extraction and LPG Air-Mix facilities are analyzed under the provisions of LPG Rules 2001 placed on OGRA's website.

Rule 5. Application for license:- *An application by a company, entitled by its memorandum of association or any other appropriate instrument to engage in the production, storage, filling, marketing, transportation of LPG, LPG Auto Refueling or LPG Air Mix Systems, shall be submitted by a company in triplicate in the form as set out in Appendix II & III and shall be accompanied by a fee as per Appendix-VI.*

Checklist for LPG Production / Extraction and LPG Air Mix Facilities Facilities

- Application on the prescribed proforma.
- Pay Order / Bank Draft of Rs.1,000,000/- in favour of Oil & Gas Regulatory Authority, as Licence fee (Payable at Islamabad).
- Attested copy of proof of registration of the company / Firm (Company incorporation certificate).
- Attested copy of Memorandum and Articles of Association.
- Attested copies of ID cards of all Directors / Partners.
- Company's Organogram
- Exact location of the plant site.
- Proof of Financial Competence issued by Bank (original and stamped).

Sample Format:

"It is to certify that M/s ABC or Mr. XYZ (Chief Executive of M/s ABC) is maintaining their account number 123 with our Bank. It is further stated that the company has sufficient financial resources equivalent of US $0.5 million, necessary to set up the requisite LPG infrastructure facilities".

- Last three years Audited Reports (if applicable).
- Site verification fee of Rs. 25,000/- through Bank Draft / Pay Order in favour of Oil and Gas Regulatory Authority.

i. Construction licence is granted for a period of one year. The applicant has to offer for pre-commissioning inspection within the stipulated timeframe. Upon receipt of request / applicable fee. The third party inspectors are appointed in days. After third party inspection and provisions of NOCs from DCO, EPA and Explosive Department, the complete case is submitted to the Authority for consideration / grant of marketing licence.

Relevant Provisions of Rule 7 of LPG Rules 2001 is as under:

(2) The Authority shall decide the grant of or otherwise, a licence, within ninety days of receipt of an application, complete in all respects.

B) Requirement for LPG Storage and Filling Plants

i. The applications for grant of licences for LPG Storage and Filling facilities are analyzed under the provisions of LPG Rules 2001 placed on OGRA's website.

5. Application for license:- *An application by a company, entitled by its memorandum of association or any other appropriate instrument to engage in the production, storage, filling, marketing, transportation of LPG, LPG Auto Refueling or LPG Air Mix Systems, shall be submitted by a company in triplicate in the form as set out in Appendix II & III and shall be accompanied by a fee as per Appendix-VI.*

Checklist for LPG Storage and Filling Facilities

- Application on the prescribed proforma.
- Pay Order / Bank Draft of Rs.500,000/- in favour of Oil & Gas Regulatory Authority, as Licence fee (Payable at Islamabad).
- Attested copy of proof of registration of the company / Firm (Company incorporation certificate).
- Attested copy of Memorandum and Articles of Association.
- Attested copies of ID cards of all Directors / Partners.
- Company's Organogram
- Exact location of the plant site.
- Proof of Financial Competence of the Company:
- Financial Competence Certificate issued by a Bank (original and stamped).
  Sample Format:

"It is to certify that M/s ABC or Mr. XYZ (Chief Executive of M/s ABC) is maintaining their account number 123 with our Bank. It is further stated that the company has sufficient financial resources equivalent of US $0.5 million, necessary to set up the requisite LPG infrastructure facilities".

- Comprehensive marketing plan specifying location and capacity of plant at present and in coming years, area of operation, no. of cylinders and details of no. of distributors (Province / City wise).

- Last three years Audited Reports (if applicable).
- Minimum Work Program:
  - Number of storage tanks and capacity of storage tanks.

    - Bottling facility capacity.
    - Quantity of LPG to be distributed per day or per month.
    - Identification of areas where distribution / marketing of LPG is planned.
- Site verification fee of Rs. 25,000/- through Bank Draft / Pay Order in favour of Oil and Gas Regulatory Authority.

i. Construction licence is granted for a period of one year. The applicant has to offer for pre-commissioning inspection within the stipulated timeframe. Upon receipt of request / applicable fee. The third party inspectors are appointed in days. After third party inspection and provisions of NOCs from DCO, EPA and Explosive Department, the complete case is submitted to the Authority for consideration / grant of marketing licence.

Relevant Provisions of Rule 7 of LPG Rules 2001 is as under:

(2) The Authority shall decide the grant of or otherwise, a licence, within ninety days of receipt of an application, complete in all respects.

C) Requirement for LPG Auto Refueling Stations

i. The applications for grant of licences for LPG Auto Refueling Stations are analyzed under the provisions of LPG Rules 2001 placed on OGRA's website.

Rule 5. Application for license:- *An application by a company, entitled by its memorandum of association or any other appropriate instrument to engage in the production, storage, filling, marketing, transportation of LPG, LPG Auto Refueling or LPG Air Mix Systems, shall be submitted by a company in triplicate in the form as set out in Appendix II & III and shall be accompanied by a fee as per Appendix-VI.*

Checklist for LPG Auto Refueling Station

- Any company can set up LPG Auto Refueling Station. (Whereas, "Company" means a joint stock company, partnership, association, business trust, organized group of persons, whether incorporated or not, and receiver or trustee of any of them).

- Complete application on the prescribed duly filled proforma.

- Attested copy of proof of Company's Registration (From SECP).

- Complete site address/exact location of LPG refueling station depicting Khasra, Khewat, Khatooni, Mouza numbers Tehsil etc alongwith complete corporate address and contact numbers for correspondence.

- The name of the signatory of the application clearly mentioning authorized signature alongwith attested copies of National Identity Cards of owner/partners and undertaking on behalf of all the partners on judicial stamp paper regarding signatory/Managing Partner/CEO of the company.

- Proposed work plan depicting storage capacity and number of dispensers etc to be installed at the subject site.

- Pay Order / Bank Draft of Rs. 100,000/- in favor of Oil & Gas Regulatory Authority, as non-refundable application processing fee (payable at Islamabad).

- An undertaking from applicant company on stamp paper ensuring that the instant site of Auto Refueling Station does not fall in residential area as well as the inter distance between two Auto Refueling stations in municipalities/cities on either side of the road would be 3 KM and 5 KM in rural areas (to avoid mushroom growth). The licensee shall also ensure that in future no building used for accommodation or public gathering of any sort would be adjacent to

the site of refueling station. Submission of incorrect affidavit shall render the cancellation / revocation of license.

- A certified map clearly depicting exact location of LPG refueling station.

- Pay Order / Bank Draft of Rs. 20,000/- in favor of Oil & Gas Regulatory Authority, as OGRA's third party site verification fee (payable at Islamabad).

- Affidavit regarding Gas Utility Companies.

ii. Construction licence is granted for a period of one year. The applicant has to offer for pre-commissioning inspection within the stipulated timeframe. Upon receipt of request / applicable fee. The third party inspectors are appointed in days. After third party inspection and provisions of NOCs from DCO, EPA and Explosive Department, the complete case is submitted to the Authority for consideration / grant of marketing licence.

Relevant Provisions of Rule 7 of LPG Rules 2001 is as under:

(2) The Authority shall decide the grant of or otherwise, a licence, within ninety days of receipt of an application, complete in all respects.

D. Liquefied Natural Gas (LNG)

Checklist/Requirements for LNG Licence

i. The Licensing process related to the regulated activities of LNG sector is governed under OGRA (LNG) Rules, 2007 placed on OGRA's website.

- Any company incorporated inside or outside Pakistan may submit an application to the Authority for obtaining a license to undertake a regulated activity, by filing it with the Registrar.

- Initially a company has to apply for Provisional License under Rule 33 of LNG Rules, 2007 alongwith a fee of Rs. 5 million.

- Schedule-1 and Rule 33 refer to Rule 4 of LNG Rules, 2007 which elaborates the documents required for filing of Application alongwith License Application Form.

- Provisional Licence is granted for a period of one year and within this period the licensee shall have to submit application for grant of construction license fulfilling all formalities under Rule 4 (3) of LNG Rules 2007. If required, Authority may appoint a consultant under Rule 31 (i) of LNG Rules, 2007 for evaluation.

- After evaluation of application of the prospective project developer, the public hearing of the Project is conducted whereby comments of stakeholders are sought and reservations of public are addressed by the project developer. The requisite NOC's are also obtained from the project developer as required under Article 6.1(c) and Article 13 of LNG Policy 2011.

- Construction licence granted for two years. On submission of application that construction activity has commenced, the Authority appoints a consultant under Rule 33 (1)(ii) of LNG Rules, 2007 during construction stage to determine that whether the project 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.
- After satisfactory report from the consultant on successful commissioning of the terminal in pursuance of the requirements of LNG Rules and Policy, the Licence for operation of LNG Terminal is issued to the applicant.

Rule 17 of LNG Rules 2007 is as under:

No licence shall, without the prior written approval of the Authority, be assigned or transferred. The Authority shall act on request for approval by a licensee within ninety days thereof unless for reasons to be recorded in writing, the Authority determines that it is not in\ the public interest to do so. It shall be the licensee's obligation to provide the Authority all information required by it for the purposes of approval of a transfer or assignment of the licence.