

**Islamic Republic of Pakistan**

Islamabad, the 30<sup>th</sup> December, 2004  
Licence No. NG-005/2004

**The License**

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 Section 22 (1) of the Ordinance and Rule 3(3) of Natural Gas Regulatory Authority (Licensing) Rules, 2002 (the 'Licensing Rules') hereby grants to Oil and Gas Development Company Limited (OGDCL), having its registered office at OGDCL House, Plot No. 3, Jinnah Avenue, Blue Area, Islamabad, Pakistan (the 'Licensee') a License (the 'License') to undertake the following regulated activities subject to the terms and conditions given hereinafter.

**Transmission and Sale of Natural Gas**

Transmission and sale of natural gas from UCH gas field located at Dera Bugti Agency, Balochistan Province to UCH Power Plant located at Dera Murad Jamali, Baluchistan.

**Validity**

The License shall be valid from 28<sup>th</sup> March, 2002 (effective date) for a period of 30 years or till the expiry of the Development and Production Lease including any renewal/extension thereof, whichever comes first, unless the License is revoked earlier under the provisions of the Ordinance and the Rules.

(M.H. Asif)  
Member (Finance)

(Rashid Farooq)  
Member (Oil)

(Jawaid Inam)  
Member (Gas)/Vice Chairman

(Munir Ahmad)  
Chairman

<b>GENERAL CONDITIONS APPLICABLE</b>
<b>TO</b>
<b>THE LICENSEE</b>

**General Conditions Applicable to the Licensee**

**1. Definitions**

1.1. Words and expressions used in the License but not defined, unless the contrary intention appears, shall have the same meaning as assigned to them in the Ordinance and the Rules

1.2. The following words shall have the following meanings:

- 1.2.1. 'Development and Production Lease' means Petroleum Development and Production lease No. 99/Pakistan/96 granted by the President, Islamic Republic of Pakistan to OGDCL initially for a period of 25 years w.e.f. 1<sup>st</sup> July 1996 under and in accordance with the provisions of the Pakistan Petroleum (Exploration and Production) Rules, 1986 in respect of UCH gas field, as amended from time to time;
- 1.2.2. 'Gas Supply Agreement' means amended and restated gas supply agreement dated 2<sup>nd</sup> November 1995 between Oil and Gas Development Company Limited (OGDCL) and UCH Power Limited (UPL), as amended from time to time.
- 1.2.3. 'License' means this License and any extension/renewal thereof and or any amendment/modification therein under the provisions of the Ordinance and the Rules; and
- 1.2.4. 'Rules' means the rules made under the provisions of the Ordinance.
- 1.2.5. Any reference to a statute or a delegated legislation shall be deemed to mean and include its modification, amendment, replacement or substitution by a subsequent law.

## **2. Renewal, Modification, Revocation of Conditions and Early Termination of License**

- 2.1. On an application made by the Licensee to the Authority at least two years prior to the expiry date of the License, the Authority may renew the License or the terms and conditions thereof in accordance with the provisions of the Ordinance and the Rules.
- 2.2. The terms and conditions of the License may be amended, varied, modified, extended or revoked in accordance with the provisions of the Ordinance and the Rules.
- 2.3. On an application by the Licensee, with 2 (two) years prior notice, the Authority may terminate the License in accordance with the provisions of the Ordinance and the Rules.

## **3. Compliance with Laws**

- 3.1. 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 and the Rules.
- 3.2. The breach of any applicable law, including the breach of any provision of the Ordinance or the Rules shall be deemed to be a breach of the terms and conditions of the Licence.

## **4. Well Head Price of Gas**

- 4.1. The Licensee being a producer of natural gas shall be entitled to a well head price of gas in respect of UCH gas field as determined in accordance with the pricing of

natural gas and other parameters provided in the Gas Price Letter Agreement and notified under the applicable law.

## **5. Prescribed Price**

- 5.1 In accordance with the provisions of section 8 of the Ordinance, the Licensee shall submit an application to the Authority for notification of Prescribed Price for its retail consumer or consumers which are supplied gas from UCH gas field.

**Explanation.-** for the purpose of this condition the Prescribed Price in respect of sale of gas from UCH gas field to its retail consumer or consumers shall comprise of the well head price of UCH gas field calculated in accordance with Gas Price Letter Agreement and Gas Supply Agreement, the excise duty and such other levies as may be imposed from time to time, by the Federal Government on the production of natural gas.

## **6. Payment of Fee**

- 6.1. The Licensee shall promptly and regularly pay the fees prescribed in the Rules.
- 6.2. Unless otherwise prescribed in the Rules, the Licensee, from the effective date throughout the term of the License including any renewal thereof, shall pay annual fee of 0.50 percent of the annual turnover (as defined in the Licensing Rules) of the Licensee from the transmission and sale of natural gas from UCH gas field to its retail consumer or consumes in respect of the most recent completed financial year.
- 6.3. If the annual turnover for the most recent completed financial year is not certain then the Licensee shall use a reasonable estimate of the annual turnover for calculation and payment of the annual fee under Condition 6.2.
- 6.4. The Licensee shall, if it has used an estimate of the annual turnover under Condition 6.3, file with the Authority a revised account showing the actual annual turnover and the annual fee on the basis of such actual amount on or before September 30<sup>th</sup> of the year in which the estimate was made, or any other date approved by the Authority in respect of the annual fee where an estimate of annual turnover was used as the basis for calculation of the annual fee. Any short payment in annual fee made evident as a result of filing of the revised account, shall be paid to the Authority within forty-five (45) days of filing of such revised account.
- 6.5. The Authority shall, if it has received overpayment of annual fees, refund the amount equal to the amount by which it was overpaid within forty-five (45) days of filing of the above mentioned revised account. The Licensee shall not be entitled to any interest or other additional amount in respect of such over-payment.

## **7. Maintenance of Record and Provision of Information**

- 7.1. The Licensee shall keep complete an accurate record and data regarding the production and sale of natural gas as may be required for the purpose of this Licence in appropriate manner. The Licensee shall provide to the Authority promptly upon its request such documents, records or information regarding the sale of natural gas as the Authority may require pursuant to the Ordinance and Rules, Regulations made thereunder.

## **8. Assignment and Transfer**

- 8.1. The Licensee shall not create any charge 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 the Rules.

## **9. Gas Reserves Updation**

- 9.1. The recoverable natural gas reserves as disclosed by the Licensee in respect of UCH gas field as on 30<sup>th</sup> June, 2004 are 2.835 Trillion Cubic Feet (TCF). The Licensee shall inform the Authority promptly whenever it will update/review the gas reserves in respect of UCH Gas Field.

## **10. Contract Terms with Retail Consumer**

- 10.1. The Licensee shall submit for information and record a copy of the existing signed Gas Supply Agreement/ Contract with UCH Power Limited to the Authority within ninety days of date of issue of the license.
- 10.2. The Licensee shall enter into all agreements or contracts on an arm's length basis and shall seek such approval from the Authority prior to entering into or amending the agreement or contract, as may be required by the Ordinance and the Rules.

## **11. Notices**

- 11.1. 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 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,  
Oil and Development Company Limited.  
OGDCL House Plot No. 3 Jinnah Avenue, Blue Area,  
Islamabad, Pakistan  
Telephone Number: 92-51-9209701  
Facsimile Number: 92-51-9209708

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

- 11.2. Any notice given under the provisions of Condition 11.1 shall be deemed to have been duly served and received:

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

- 11.2.2. Ten (10) working days subsequent to the date of postage, if sent by registered mail; and
  
- 11.2.3. 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.