

Islamic Republic of Pakistan

Islamabad, the 30th December, 2004
License No. NG-007/2004

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 activity subject to the terms and conditions given hereinafter;

Sale of Natural Gas

Sale of natural gas from Bhal Syedan field (Development and Production lease area), Attock District, Punjab to Altern Energy Limited's power plant located within the lease area.

Validity

The License shall be valid from 28-03-2002 (effective date) for a period of 15 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

GENERAL CONDITIONS APPLICABLE

TO

THE LICENSEE

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 are 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 Bhal Syedan Development and Production lease No. 132/Pakistan/99 granted by the President, Islamic Republic of Pakistan to the Licensee initially for a period of 5 years with effect from 30th June 1997 and subsequently renewed by the Government of Pakistan for a further period of 5 years effective from 30-06-2002 under and in accordance with the provisions of the Pakistan Petroleum (Exploration and Production) Rules, 1986, as amended from time to time;
 - 1.2.2. "Gas Sale and Purchase Agreement" means Bhal Syedan associated gas sale and purchase agreement dated 11-04-1995 between Oil and Gas Development Company Limited (OGDCL) and Altern Energy Limited, as amended from time to time;
 - 1.2.3. "Licence" means this Licence 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 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.

1. Gas Price

- 4.1 The Licensee shall be entitled to a price in respect of Bhal Syedan gas as determined in accordance with the provisions of Article-VIII of Gas Sale and Purchase Agreement.

5. Payment of Fee

- 5.1. The Licensee shall promptly and regularly pay the fees prescribed in the Rules.
- 5.2. 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 0.25 percent of the annual turnover (as defined in the Licensing Rules) of the Licensee from the sale of natural gas from Bhal Syedah gas field to its retail consumer, in respect of the most recent completed financial year.
- 5.3. 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 5.2.
- 5.4. The Licensee shall, if it has used an estimate of the annual turnover under Condition 5.3, 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 30th 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.
- 5.5. 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.

6. Maintenance of Record and Provision of Information

- 6.1. 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 there under.

7. Assignment and Transfer

- 7.1. The Licensee shall not create any charge on or otherwise encumber, assign or transfer the Licence or any rights or obligations there under without having obtained the prior written approval of the Authority in accordance with the provisions of the Ordinance and the Rules.

8. Gas Reserves Updating

- 8.1. The recoverable natural gas reserves as disclosed by the Licensee in respect of Bhal Syedan gas condensate field as on 30th June, 2004 are 0.66 Billion Cubic Feet (BCF). The Licensee shall inform the Authority promptly whenever it will update/review the gas reserves in respect of Bhal Syedan field.

9. Contract Terms with Retail Consumer

- 9.1. The Licensee shall submit for information and record a copy of the existing signed Gas Sale and Purchase Agreement/Contract with Altern Energy Limited to the Authority within ninety days of date of issue of the license.
- 9.2. 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.

7. Notices

- 10.1. 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

- 10.2. Any notice given under the provisions of Condition 10.1 shall be deemed to have been duly served and received:
- 10.2.1 the actual time of delivery, if delivered personally;
- 10.2.2 Ten (10) working days subsequent to the date of postage, if sent by registered mail; and
- 10.2.3 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.