

Islamic Republic of Pakistan

Islamabad, the 7th April, 2005
License No. NG-008/2005

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 Sections 22 (1) and 23 (6) of the Ordinance and Rule 3(3) of Natural Gas Regulatory Authority (Licensing) Rules, 2002 (the "Licensing Rules") hereby grants to Fauji Fertilizer Company Limited (FFCL), having its registered office at 93-Harley Street, Rawalpindi, Pakistan (the "Licensee") a License (the "License") to undertake the following regulated activity subject to the terms and conditions given hereinafter;

Transmission of Natural Gas

Construction and operation of pipelines alongwith ancillary/connected facilities for the purpose of transmission of natural gas from Mari gas field gate to Fauji Fertilizer Company Limited's plant sites at Goth Machhi, district Rahim Yar Khan, Punjab and Mirpur Mathelo, district Ghotki, Sindh exclusively for self use.

Validity

The Licence shall be valid from 28th March, 2002 (effective date) for a period of 30 years or till the expiry of the Gas Purchase and Sale Agreements between Mari Gas Company Limited (MGCL) and the Licensee, whichever comes first, unless the Licence 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 Licence 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. "Gas Purchase and Sale Agreements" means:
 - 1.2.1.1. Principal agreement dated 15th September, 1976 between ESSO EASTERN INC. (Subsequently replaced by MGCL) and Pak Saudi Fertilizers Limited (Subsequently replaced by FFCL), as amended by supplemental agreement dated 13th September, 2000, as amended from time to time;
 - 1.2.1.2. Principal agreement dated 31st May, 1978 between ESSO EASTERN INC. (Subsequently replaced by MGCL) and FFCL, as amended by supplementary agreement dated 25th June, 1981, amendment no.1 dated 28th May, 1986 and supplemental agreement dated 30th May 2002, as amended from time to time;
 - 1.2.1.3. Principal agreement dated 17th May, 1990 between MGCL and FFCL, as amended from time to time; and
 - 1.2.1.4. Any extension or renewal of the above stated agreements or any new gas purchase and sale agreement.
 - 1.2.2. "License" means this licence and any amendment, modification, extension or renewal thereof under the provisions of the Ordinance and the Rules; and
 - 1.2.3. "Rules" means the rules made under the provisions of the Ordinance.
 - 1.2.4. 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 Licence

- 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 Licence 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, for an early termination of the Licence 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 provision of the Ordinance or the Rules shall be deemed to be a breach of the terms and conditions of the License.

4. Gas Sale or Utilization of Transmission Capacity

- 4.1. The Licensee shall not sell gas to any person without obtaining a Licence from the Authority, in accordance with the provisions of the Ordinance and the Rules.
- 4.2. The Licensee shall not provide its transmission capacity to any other person without obtaining prior approval of the Authority, in accordance with the provisions of the Ordinance and the Rules.

5. Fee

- 5.1 The Licensee shall not be liable to pay annual fee, as long as, it is carrying out the regulated activity of transmission of natural gas exclusively for self use.

6. Maintenance of Record and Provision of Information

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

7. Miscellaneous

- 7.1. The Licensee shall conform to the requirements of the Pakistan Environmental Protection Act, 1997 (XXXIV of 1997), as amended from time to time.
- 7.2. The Licensee shall locate, design, construct, operate and maintain its facilities in strict accordance with the technical and other standards prescribed by the Authority and in a manner so as not to endanger public health or safety.
- 7.3. The Licensee shall not abandon any facility or pipeline without the prior consent of the Authority.

8. Assignment and Transfer

- 8.1. The Licensee shall not 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. Notices

- 9.1. 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: Chief Executive & Managing Director,
Fauji Fertilizer Company Limited.
93-Harley Street, Rawalpindi, Pakistan
Telephone Number: 92-51-9272308-15,
Facsimile Number: 92-51-9272345

Authority: Registrar,
Oil and Gas Regulatory Authority
Tariq Chamber, Block # 2
Civic Center, G-6 Markaz
Islamabad, Pakistan
Telephone Number: 92-51-9221715-23
Facsimile Number: 92-51-9221714

- 9.2. Any notice given under the provisions of Condition 9.1 shall be deemed to have been duly served and received:

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

9.2.2. ten (10) working days subsequent to the date of postage, if sent by registered mail; and

9.2.3. 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.