

**ISLAMIC REPUBLIC OF PAKISTAN**

**LICENSE**

**TO UNDERTAKE REGULATED ACTIVITY RELATED TO  
CONSTRUCTION AND OPERATION OF PIPELINE FOR  
TRANSMISSION OF NATURAL GAS  
TO**

**PAKARAB FERTILIZERS LIMITED**

**UNDER**

***OIL AND GAS REGULATORY AUTHORITY ORDINANCE, 2002,  
NATURAL GAS REGULATORY AUTHORITY (LICENCING)  
RULES, 2002***

**AND**

**OGRA GAS (THIRD PARTY ACCESS) RULES, 2018**

**DECISION**

**OCTOBER 07, 2019**

**Ms. Uzma Adil Khan, Chairperson**

**Mr. Noorul Haque, Member (Finance)**

**Dr. Abdullah Malik, Member (Oil)**

**License No: NG-21/2019**



October 07, 2019

## THE LICENSE

The Oil and Gas Regulatory Authority (the “**Authority**”), established under the Oil and Gas Regulatory Authority Ordinance, 2002 (Ordinance No. XVII of 2002), and in exercise of its powers conferred by Sections 22(1) and 23(1)(a)(d) and 23(6) of the said Ordinance and Rule 3(3) of the Natural Gas Regulatory Authority (Licensing) Rules, 2002 (the “**Licensing Rules**”), read with Rule 3(1) of OGRA Gas (Third Party Access) Rules, 2018, hereby grants to Pakarab Fertilizers Limited, having its registered office at E-110, Khayaban-e-Jinnah, Lahore Cantt., Pakistan (the “**Licensee**”) a license (the “**License**”) to undertake the following activities (the “**regulated activities**”), subject to the terms and conditions (the “**Conditions**”) given herein:

- i. Construction and operation of 24-kilometer long pipeline of 16-inch diameter for the purpose of transmission of natural gas from the Licensee’s processing facility located at the Mari Gas Field to the tie-in point on the gas pipeline transportation system of Sui Northern Gas Pipelines Limited (the “**transporter**”) at Muhammadpur, District Ghotki (the “**Entry Point**”), for onward transportation to the Licensee’s fertilizers manufacturing plant at Multan (the “**Exit Point**”) under an access arrangement with the transporter in accordance with the Network Code and Rules for the purpose of Licensee’s self-consumption.

### Validity

The License shall be valid for an initial term of 07 years, starting from **October 07, 2019** and unless revoked earlier.



(Dr. Abdullah Malik)  
Member (Oil)



(Noorul Haque)  
Member (Finance)



(Uzma Adil Khan)  
Chairperson

**Part – A**

**General Conditions Applicable to the Licensee**

**1. Definitions**

1.1. Words and expressions used in the License but not defined herein shall have the same meaning as are assigned to them in the Ordinance and the Rules.

1.2. In this License, unless there is anything repugnant in the subject or context,-

1.2.1. “**access arrangement**” means an agreement between the transporter and the Licensee for transportation of gas by utilizing capacity of gas pipeline transportation system of the transporter, as approved by the Authority;

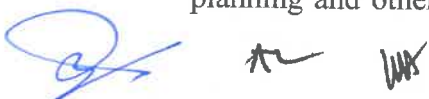
1.2.2. “**Authority**” means the Oil and Gas Regulatory Authority established under Section 3 of the Oil and Gas Regulatory Authority Ordinance, 2002.

1.2.3. “**consents**” means all such acknowledgements, agreements, approvals, authorizations, concessions, consents, decisions, licenses, notifications or permits required to be obtained by the Licensee to carry out the regulated activities;

1.2.4. “**dispute**” means any dispute or difference arising between the Licensee and transporter, or a connected system operator, in relation to the regulated activities;

1.2.5. “**gas pipeline transportation system**” or “**system**” means transmission system, distribution system, pipelines, spur pipelines, equipment, compressors and associated facilities downstream of a gas producer's processing plant, shipper's delivery point or re-gasification terminal which are used for transportation of gas from one point to another, but shall not include the gas processing plant and re-gasification terminal pipeline within the battery limit of isolation valves of the plant or terminal;

1.2.6. “**Network Code**” or “**Code**” is the common set of standard conditions governing access arrangement between transporter and shipper which shall include processes such as capacity declaration, capacity allocation, capacity hoarding, nomination, balancing of gas pipeline transportation system, network planning, metering, gas transportation tariff structure, invoicing and payment, force majeure, emergencies, load management and curtailment, communication, planned maintenance, operational planning and other operational matters, as approved by the Authority,



and which shall bind the transporter not to discriminate as between similarly situated persons or classes of persons in the exercise of its rights or in the performance of its obligations;

1.2.7. “**Ordinance**” means Oil and Gas Regulatory Authority Ordinance, 2002 (XVII of 2002);

1.2.8. “**party**” means the Licensee, transporter or a connected system operator who has entered into an access arrangement or the interconnection and operation arrangement under the Rules;

1.2.9. “**regulated activities**” means the scope of activities defined in this License; and

1.2.10. “**Rules**” means the Natural Gas Regulatory Authority (Licensing) Rules, 2002, OGRA Gas (Third Party Access) Rules, 2018, Natural Gas Tariff Rules, 2002 and any other applicable rules framed under the Ordinance.

1.3. 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. **Compliance with Laws, Standards and Network Code**

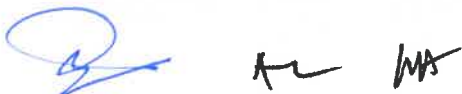
2.1. The Licensee shall ensure that it complies at all times with the applicable laws, including the provisions of the Ordinance and the Rules, and perform its obligations in accordance with the access arrangement and Network Code.

2.2. The breach of any law, including the breach of any provision of the Ordinance or any Rules or Regulations framed there under, any decision of the Authority shall be deemed to be a breach of the terms and conditions of the License and vice versa.

2.3. 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.

2.4. If the pipeline is constructed or operated and maintained by any third party, that party must be holder of a valid license from the Authority and shall comply all other applicable laws for this purpose.

2.5. The Licensee shall apply for, obtain and maintain all consents necessary under applicable laws including requirements of the Pakistan Environmental Protection Act, 1997 (XXXIV of 1997), as amended from time to time for carrying out the regulated



activities properly and in a timely manner and shall diligently pursue all such applications.

**3. Renewal, Modification and Revocation of Conditions**

3.1. On an application by the Licensee to the Authority at least one (01) year prior to the expiry date of this License, the Authority may renew, modify, amend the License in accordance with the provisions of the Ordinance and the Rules.

3.2. The terms and conditions of the License may be amended, varied, modified or revoked by the Authority in accordance with the provisions of the applicable laws.

**4. Early Termination of License**

The Authority may, on an application made by the Licensee at least one (01) year prior to the proposed termination date or the expiry of the License, whichever is earlier, terminate the License in accordance with the provisions of the Ordinance and the Rules.

**5. Assignment, Sale and Transfer of license**

The Licensee shall not assign, encumber, sell or transfer this License change in ownership, controlling interest, realoaiton of facility or any rights or obligations thereunder without prior written approval of the Authority.

**6. Gas Sale and Capacity allocation**

6.1. The Licensee shall not sale gas to any person without obtaining a License from the Authority, in accordance with the provisions of the Ordinance and the Rules.

6.2 The Licensee shall not allocate capacity of its gas pipeline transportation system to any other person without obtaining prior necessary approvals/ licenses of the Authority, in accordance with the provisions of the Ordinance and the Rules.

**7. Acquisition and Transfer of Shares**

The Licensee shall not directly or indirectly acquire or hold any controlling interest or shareholding in any transporter without the prior written approval of the Authority.

**8. Maintenance of Records**

8.1 The Licensee shall keep complete and accurate records and data regarding the regulated activities, as may be required for the purpose of this License.



8.2 The Licensee shall provide to the Authority promptly upon its request such documents, records or information regarding the regulated activities as the Authority may require pursuant to the Ordinance, the Rules and the Regulations made thereunder.

**9. Audit, Enforcement and imposition of fine**

9.1. Where the Authority requires any type of audit with respect to the regulated activities, the Licensee will arrange or pay fee for such audit to the Authority.

9.2. If the Authority is of the opinion that the Licensee has contravened any Rule, condition of the License or the Authority's decision, the Authority may take such action as may be prescribed by the Ordinance and Rules, including imposition of fine or suspension or revocation of the License in accordance with the Ordinance and Rules.

**10. Inspection by Authority**

The Licensee shall permit any person duly authorised 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 Rules.

**11. Payment of Fee**

11.1 The Licensee shall not be liable to pay annual fee under the Natural Gas Regulatory Authority (Licensing) Rules, 2002 to the Authority so long as the Licensee is carrying out the transmission of natural gas exclusively for self-consumption.

11.2 The Licensee shall be liable to promptly and regularly pay to the Authority the fee under the OGRA Gas (Third Party access) Rules, 2018.

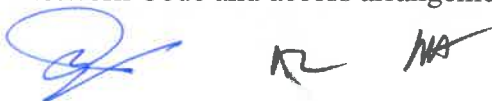
**12. Abandonment**

12.1. The Licensee shall not abandon any facility or pipeline without the prior consent of the Authority.

**Part – B**

**13. Gas Pipeline Transportation System Planning**

13.1. The Licensee shall cooperate with the Authority, the transporter and such other parties as may be specified by the Authority in relation to the transporter's planning and development of the gas pipeline transportation system in accordance with the Network Code and access arrangement.



13.2. The Licensee shall provide all such information that would be necessary for a transporter to plan and develop its gas pipeline transportation system, including forecasts of expected demand and supply of gas in accordance with its respective license.

#### **14. Use of Gas Pipeline Transportation System**

14.1. The Licensee shall act in a reasonable and prudent manner to access and use the gas pipeline transportation system of a transporter for the purpose of transporting gas.

14.2. The Licensee shall not knowingly or recklessly pursue any course of conduct, whether alone or with some other person, which is likely to prejudice, -

14.2.1. the safe and efficient operation, from day to day, by the transporter of its gas pipeline transportation system;

14.2.2. the safe, economic, and efficient balancing by the transporter of its system; or

14.2.3. the due functioning of the arrangements provided for in the Network Code and access arrangement.

14.3. The Licensee shall not knowingly or recklessly act in a manner which is likely to give a false impression to the transporter as to the amount of gas to be delivered by the Licensee on a particular day to the gas pipeline transportation system of that transporter or as to the amount of gas to be comprised in its offtakes therefrom on that day.

#### **15. Emergencies**

In the event of, -

- (a) an escape, or suspected escape, of gas; or
- (b) a gas pipeline transportation system emergency; or
- (c) a gas supply emergency

the Licensee shall inform the transporter and use reasonable endeavors to comply with all requests made by the transporter, except for any manifestly unreasonable request, for the purpose of and as may be appropriate for, -

- (a) averting or reducing danger to life or property; or
- (b) securing the safety of the gas pipeline transportation system; or
- (c) safe transportation of gas or reducing the risk thereto.



## 16. Provision of Information to Transporter

16.1 The Licensee shall provide to the transporter such information as may be reasonably requested for the purposes of, -

- 16.1.1. enabling the transporter to fulfil the obligations under its respective license for the safe operation, development or maintenance of any pipeline network;
- 16.1.2. preventing or detecting theft, illegal taking of gas or fraud in relation to gas trading or gas escapes; and

## 17. Notices

17.1. 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 Officer,  
Pakarab Fertilizers Limited,  
E-110, Khayaban-e-Jinnah,  
Lahore Cantt., Pakistan  
UAN: 111-328-462  
Facsimile No: 042-36621389

### **Authority:**

Oil and Gas Regulatory Authority  
54-B, Fazal-e-Haq Road, Blue Area, **Islamabad**  
Phone: 051-9244296, 051-9244090-98 (Ext-157)  
Fax: 051-9244379  
Website: [www.ogra.org.pk](http://www.ogra.org.pk)

17.2. Any notice given under the provisions of Condition shall be deemed to have been duly served and received at the actual time of delivery, if delivered personally, seven (7) working days subsequent to the date of postage, if sent by registered mail; and at the time of receipt, if transmitted by facsimile or e-mail 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.

