

آئل اینڈ گیس
ریگولیشن اتھارٹی



Oil & Gas
Regulatory Authority

Case No. OGRA-6(1)-NG(PFL)/2018
License No. NG-21/2019

IN THE MATTER OF

PAKARAB FERTILIZERS LIMITED

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

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)

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AUTHORITY'S DECISION

BRIEF FACTS:

1. Pakarab Fertilizers Limited (PFL), (the Applicant) has applied under Rule 4 of the Natural Gas (Licensing) Rules, 2002 on 20-08-2018 for the grant of licence to undertake the regulated activity related to Construction and Operation of 16" x 24 km long gas pipeline from processing facility to SNGPL's Muhammadpur valve assembly for the purpose of Transmission of Natural Gas.
2. The Applicant has informed that being cognizant of the hardships faced by the farming community, Economic Coordination Committee (ECC) of the Cabinet Division on 17-05-2018 approved allocation of 75 MMCFD gas from Mari Gas Fields to PFL by using SNGPL system. Restart of operation at PFL will add approximately half a million MT of Urea equivalent fertilizers. As per ECC decision, SNGPL will transport the gas from Muhammadpur valve Assembly to PFL plant at Multan under mutually agreed Gas Transportation Agreement.

ADMISSION OF THE APPLICATION:

3. After a thorough deliberation by concerned Deptts. of OGRA, the application was presented before the Authority to consider the matter which was accordingly admitted by the Authority under Rule 5 of Natural Gas Licensing Rules, 2002 on 13-09-2019. Under Rule 5 of Natural Gas Licensing Rules, 2002, the Authority invited all the interveners and interested / affected persons and parties to furnish their comments / interventions / views, if any, on the application filed by the Applicant through publication of Public Hearing Notice published in the leading national press on 14-09-2019. In the said Notice 14 days period was given to furnish comments, suggestions and interventions upon the said application.
4. In response thereto, no intervention request has been received by OGRA.

PUBLIC HEARING PROCEEDINGS:

5. The Authority also provided an ample opportunity of hearing to the interested/affected persons/parties and general public through Public Hearing held at Islamabad on 02-10-2019, which was attended by the following:-

Public Hearing at Islamabad on 02-10-2019

- a) Representatives of the Applicant (Pakarab Fertilizer Limited)
 - i) Mr. Fawad Ahmed Mukhtar, Chief Executive Officer
 - ii) Mr. Asad Murad, Director Finance
 - iii) Mr. Asif ur Rehman, Chief Manufacturing Officer
 - iv) Mr. Inammullah Naveed Khan, Director Operations

- v) Mr. Saqib Aziz, Manager Business Development
- vi) Mr. Fahd Mukhtar, Director
- vii) Mr. Muneeb Zia, Legal Counsel
- viii) Mr. Zeeshan Ashraf Baig, Business Development Officer

b) Representatives of the Gas Utility Companies, Corporate and other Entities / General Public

- i) Mr. Sohail Gulzar, Dy. Managing Director (Operations), SNGPL
- ii) Mr. Qasim Masood, General Manager, UFG Control, SNGPL
- iii) Mr. Liaqat Nehra, Chief Officer, SNGPL
- iv) Mr. Zahid Pervaiz, Chief Engineer, SNGPL
- v) Mr. Moazzam Ali, Senior Sales Officer, SNGPL
- vi) Mr. Ghulam Moen Butt, General Manager (P&D), SSGCL
- vii) Mr. Muhammad Ayub Khan, Senior Manager (Ops) MPCL
- viii) Mr. Aqib Anwar, General Manager, Business Development, MPCL
- ix) Mr. Atif Tanveer, General Manager, Business Development, MPCL
- x) Mr. Asghar Hayyat, General Manager, Business Development, MPCL
- xi) Mr. M. Afzaal Ahmad, Business Representative, China Pakistan Engineering & Construction Corporation (CPE &CC)
- xii) Mr. Kou Lei, Country Representative, China Pakistan Engineering & Construction Corporation (CPE &CC)
- xiii) Mr. Sikandar Shah, Fertilizers Advisory Council
- xiv) Mr. Imran Saeed, Secretary Fertilizer Dealers Association
- xv) Brig. Sher Shah, Executive Director, Fertilizer Manufacturers of Pakistan Advisory Council (FMAC)
- xvi) Mr. Khalid Mehmood, President, Kissan Ittehad Pakistan
- xvii) Mr. Malik Ghulam Dastgheer, President Workers Union (CBA), PFL
- xviii) Syed Mumtaz Hussain Shah, Workers Union (CBA), PFL
- xix) Dr. Hafeez, Workers Union (CBA), PFL
- xx) Mr. Qamar Akhtar, Workers Union (CBA), PFL

PRESENTATION BY THE APPLICANT:

6. Initially, the Registrar OGRA presented a brief of the instant project and sought permission of the Authority to invite the applicant to present their application / presentation which was acceded to and Mr. Mr. Asad Murad, Director Finance (PFL) was invited to present their project. Mr. Asad, initially started his presentation and made a request before the Authority that Mr. Fawad Ahmed Mukhtar, Chief Executive Officer (PFL) may be allowed for Opening Remarks which was acceded to:

- a) Mr. Fawad Ahmed Mukhtar paid his words of thanks to the Hon'ble Members of the Authority for extending them an opportunity of hearing to present their case

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- b) He stated that with the resumption of the instant project will contribute ½ Metric Ton urea which will be available in the market for enhancing more development in agriculture sector in Pakistan
- c) This project will increase Gross Domestic Product (GDP) and it will play a vital role to boost the national exchequer and it is a project of national importance which will also save foreign exchange and reduction of subsidy burden on the national economy
- d) Their group decided to make huge investment in this project due to devaluation and significant increase in LNG prices and PFL can no more able to operate on very expensive RLNG. At the end of his submission, he urged before the Authority that since several years this project is non-operational and after re-start of operation. PFL will significantly contribute to agriculture growth, economic development and will provide a large number of employment opportunities, therefore the Authority is requested to grant them the license being considered a project of national importance at an early stage.

7. After the introductory remarks by the Chief Executive (PFL), Mr. Asad Murad, Director Finance (PFL) resumed detailed presentation to the Authority and the audience under the following arguments:

- a) While introducing his organization, he stated that Fatima Group (FG) is founded under a Participation Agreement between Government of Pakistan and State of Abu Dhabi on November 01, 1973 to establish first compound fertilizers plant in Pakistan. Serving the nation since 1974 providing value-added products to farmers having capacity of 847K MT and produced more than 30 Million MT Fertilizer since its inception.
- b) Since privatization in 2005, Rs.8 Billion CAPEX incurred to improve operational efficiency and reliability of Plant. PFL provides direct employment to 2500 workforce. Being a responsible corporate citizen, since its privatization, PFL spent over PKR 500 Million on CSR activities (till 2013) in health and education sectors in Pakistan. On technical side they have a multi-disciplinary team of more than 300 engineers capable of undertaking state of art project from conceptualization – commissioning. Their team has completed 750 Mil \$Fatima Fertilizer Project in 2011. Their operation and maintenance team has excellent safety record and completed Lost Work Injury free 50-million manhours at FG operating unit. Achieved Excellent level 4-DuPont audit compliance. Outstanding O&M experience of three world-scale Fertilizer units.

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- c) He presented that this group has a Total Asset base of PKR 247 Billion having excellent relationships with Local & International Financial Institutions. Fatima Group is also listed on Pakistan Stock Exchange.
- d) He stated that PFL has applied before the Authority under Section 23 of Oil and Gas Regulatory Authority Ordinance, 2002 read with Rule 4 of the Natural Gas (Licencing) Rules, 2002 for the grant of licence to carry out the regulated activity of Construction and Operation of 16" x 24 km long gas pipeline for the purpose of Transmission of Natural Gas from Pakarab Gas Processing Facility in MPCL leased area to SNGPL's tie in point at Muhammadpur (SNGPL Valve Assembly) for onwards transportation of gas to PFL in Multan by using capacity over SNGPL's network.
- e) He further added that 16" x 24 KM buried pipeline capacity would be 110 MMCFD and its location would be from Pakarab Processing Facility (Shahbazpur Mari D&P Lease Area) Distt. Ghotki and Metering Station at Muhammadpur, Distt. Ghotki.
- f) The project cost including infrastructure and other related factors would be approximately Rs. 4 billion whereby 100% basic and detailed design completed, all studies and surveys completed, equipment for Phase-I sourced and arrangements are in place for required NOCs and permission etc.
- g) While briefing the significance of the instant project he added that Pakistan Fertilizer Industry is the sixth largest fertilizer industry in the world and its agriculture accounts for 19% of Pakistan's GDP & Employs 39% of the labor force. Pakistan's projected population of 221 million would require 50% more food by 2025 and the country cannot afford impediments in Agriculture growth. He further added that Fertilizer Industry plays a key role in ensuring national food security, pivotal to the agricultural growth, economic development of the country and provides employment opportunities in the country.
- h) While pointing out the Gas Supply Issue to PFL, he added that their plant is severely affected due to gas supply issues and has remained operational from 2011 onwards for very limited days. From 2015 to 2017, PFL operated on very expensive RLNG /Blended Gas. Due to devaluation and significant increase in RLNG prices, PFL can no more operate on very expensive RLNG. Only fertilizer plant is non-operational since September, 2017 due to which livelihood of thousands of directly or indirectly associated families is at high risk due to no operation at PFL.
- i) He emphasized that revival of the instant project, while implementing the decision of ECC dated May 17, 2108 the GoP has focused upon this project in order to mitigate the shortage of fertilizers and to avoid additional burden

on foreign exchange due to fertilizer imports, allocated additional gas production from MPCL's existing reservoirs to PFL and PFL will make necessary arrangements for processing and transportation of allocated gas to SNGPL injection point at its own cost. The allocated gas will be transported by SNGPL through its system for supply to PFL plant at Multan. This transmission will be done through pipeline capacity allocation by SNGPL.

- j) He also differentiated that the earlier licenses i.e. Fatima Fertilizer Company (2007), Fauji Fertilizer Company and Engro Chemical Pakistan Limited (2005) granted by OGRA for Transmission of Natural Gas were different from this project because they were for dedicated lines but PFL is constructing the pipeline from Gas field to SNGPL's network for onwards transportation of gas / using SNGPL's network till its Fertilizer Plant.
- k) At the end, Mr. Asad Murad requested the Authority to grant the instant License to PFL in the national interest vis-a-viz ensuring national food security and agriculture growth and economic development of the country.

During the proceedings, Hon'ble Chairperson raised a question that how many years this project will provide gas to PFL, in response thereto, CEO (PFL) stated that actually the RLNG cost is much higher than the domestic gas and PFL will get this domestic gas for next seven years from this project and the experts of PFL are working on other alternate energy mode i.e. coal gasification, however, the project cost incurred by PFL on this project is to revolve this non-operational project because their non-operating cost is much more higher than the now investment cost. Further added that if Mari Petroleum Company Limited (MPCL) get more gas from this field, PFL will continue to run this project from indigenous gas. He further added that their project cost is more valuable as compared to non-operation of this project which currently has less production, so that very reason PFL has taken this initiative and has made huge investment in this project.

During the proceedings, Hon'ble Chairperson asked from the representative of MPCL that why they have not been able to process/construct the facilities / pipeline. In response thereto, the representative of MPCL stated that they are engaged with PFL through an agreement to only sale of gas and all construction operation activities / facilities will be made by PFL.


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ARGUMENTS OF THE PARTICIPANTS:

8. After a very length presentation by the applicant, Registrar OGRA informed the Hon'ble Authority no objection / intervention request against the instant License Application has been received by OGRA, however the following parties having submitted written comments by strongly supporting the request of the applicant for grant of the subject license. The comments of the parties are as under:

i) Worker Union (CBA) of Pakarab Fertilizers Limited, Multan

They are the workers of PFL and for the last several years, due to shortage of gas supply, the plant is non-operational. This plant is an asset of Pakistan which can contribute more for agriculture development. It is a very first Fertilizer Plant of its kind in Southern Punjab which was providing quality fertilizer and due to its non-operation, the local industry, transportation, loading unloading, hoteling, dealers and agriculturists are affecting badly, therefore they humbly request OGRA Authority to grant this Transmission License, so that thousands of families can run their lives and number of employment opportunities can be created. The Worker Union of PFL will always pray for the betterment of the esteemed Authority.

ii) Fertilizer Manufacturers of Pakistan Advisory Council (FMPC), Islamabad

The Fertilizer Plants on SNGPL network remained shut down to various degrees due to gas curtailment. At full production level fertilizer industry has the capacity to meet domestic demand. We regret to highlight that this year GOP has to import 200,000 MT of urea worth UDD 60 Million and provided subsidy on imported urea worth of Rs. 4 Billion.

PFL has been non-operational since 2017. PFL produces value added products for the farming community. Fertilizer production at PFL would improve supply side and hence will help in controlling market sentiments and avert imports. Additional benefits to GDP growth and contribution to national exchequer by saving foreign exchange and reduction of subsidy burden on imported fertilizer are also foreseen.

In view of above, FMPAC requested the Authority for grant of the subject License to PFL.

iii) All Pakistan Fertilizer Dealers Association (APFDA), Gujranwala

APFDA represents a network of 10000 dealers across Pakistan. We draw your kind attention towards the importance of a positive outcome with regard to the PFL license Public Hearing. Agriculture is a backbone of Pakistan economy and its major part is played by fertilizers. Due to close of PFL plant, the farmers are deprived from balanced fertilizer. If this plant starts producing fertilizer again, it will add to the domestic production and supply can be given immediately to the farmers. Operation of PFL plant will help in ensuring better crops yields, reducing imports, stabilizing prices and boost the economy, so the License must be granted to PFL.



iv) **Pakistan Kissan Ittehad, Lahore**

Due to shortage of gas supply to PFL, this plant is non-operational since 2017. This plant has contributed a lot for the agriculture growth in Southern Punjab. One of the agriculturists, Madam Rabia Sultan have got best agriculture production award in 2017 from the Govt. of Punjab. After resumption of this project, the farmers will be able to get better production of their different crops, therefore the farmers community strongly supports for grant of this License to PFL which will be a value-added helping hand to mitigate the poverty in Southern Punjab.

OBSERVATIONS / DECISION OF THE AUTHORITY:

9. The Authority, after scrutiny of the application, hearing the arguments of the Applicant and the participants at length as well as on the basis of all available information, has arrived at the conclusion that the Applicant fulfills the legal requirements and is entitled to the requisite license. Therefore, the Authority, in exercise of its powers conferred under Sections 22(1), 23(1)(a)(d) and 23(6) of the Oil and Gas Regulatory Authority Ordinance, 2002 read with Rule 3(3) of Natural Gas (Licensing) Rules, 2002 and Rule 3(1) of OGRA Gas (Third Party Access) Rules, 2018, hereby grants a license subject to terms and conditions mentioned in the License Document to the applicant in the name and style of **M/s Pakarab Fertilizers Limited** [the licensee] to undertake the following activities subject to the terms and 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 Pipeline 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.*
10. The License shall be valid for an initial term of Seven [07] years with effect from [October 07, 2019] unless revoked earlier or modified or amended by the Authority.
11. The licensee shall not be liable to pay annual fee under the Natural Gas (Licensing) Rules, 2002 to the Authority so long as the Licensee is carrying out the transmission of natural gas exclusively for self-consumption.

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



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12. The terms and conditions imposed on the licensee are contained in the License Document consisting of Eight [08] pages which must be implemented by the Licensee in its true letter and spirits

October 07, 2019



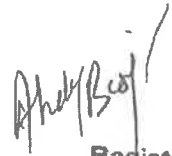
(Dr. Abdullah Malik)
Member (Oil)



(Noorul Haque)
Member (Finance)



(Uzma Adil Khan)
Chairperson



Registrar
Oil & Gas Regulatory Authority
Islamabad

آئل اینڈ گیس
ریگولیٹری اتھارٹی



Oil & Gas
Regulatory Authority

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

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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

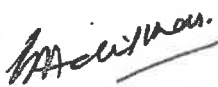
The License shall be valid for an initial term of 07 years, starting from October 07, 2019 and unless revoked earlier.



(Dr. Abdullah Malik)
Member (Oil)



(Noorul Haque)
Member (Finance)



(Uzma Adil Khan)
Chairperson


Registrar
Oil & Gas Regulatory Authority
Islamabad

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;

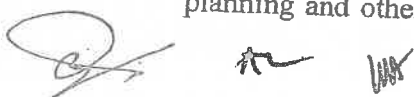
1.2.2. "Authority" means the Oil and Gas Regulatory Authority established under Section 3 of the Oil and Gas Regulatory Authority Ordinance, 2002.

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.

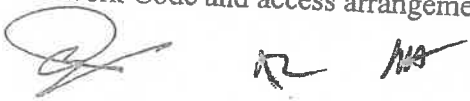
12. Abandonment

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.




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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.

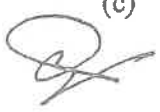
15. Emergencies

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.



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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

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.


CERTIFIED TRUE COPY