



**OIL & GAS REGULATORY AUTHORITY**

**OGRA-6(1)-18(EFL-Reti Maru)/2013**

**Licence No. NG-20/2014**

**IN THE MATTER OF**

**ENGRO FERTILIZERS LIMITED's**

**GRANT OF EXCLUSIVE LICENCE TO CARRY OUT REGULATED  
ACTIVITY OF TRANSMISSION OF NATURAL GAS FROM  
RETI-MARU GAS FIELD TO ENGRO FERTILIZERS LIMITED  
COMPLEX (Fertilizer Plant) AT DAHARKI FOR SELF-USE**

**UNDER**

**OIL AND GAS REGULATORY AUTHORITY ORDINANCE, 2002**

**AND**

**OIL AND GAS REGULATORY AUTHORITY  
LICENCING RULES, 2002**

**DECISION**

**JUNE 13, 2014**

**Saeed Ahmad Khan, Chairman**

**Sabar Hussain, Vice Chairman/ Member (Oil)**

**Aamir Naseem, Member (Gas)**

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## AUTHORITY'S DECISION

1. Engro Fertilizers Limited ["Applicant"] filed a petition on August 15, 2013 under Section 23 of Oil and Gas Regulatory Authority (OGRA) Ordinance, 2002 read with Rule 4 of the Natural Gas Regulatory Authority (Licencing) Rules 2002 for grant of Licence for construction and operation of 26 Km, 10 inch nominal dia transmission pipeline alongwith ancillary / connected facilities for the purpose of Transmission of 12 MMCFD of Natural Gas from Reti-Maru Gas Field to Engro Fertilizers Limited battery limits at Daharki exclusively for self use by the Licensee.
2. Being in conformity with the Rules, the Authority admitted the petition for consideration without requiring attendance of the applicant.
3. OGRA, through Public Notice published in the newspapers on 14-02-2014 invited all interveners and interested / affected persons and parties to furnish their comments / interventions / views, if any, within 14 days from the date of publication of the said notice and decided to hold public hearing which was held on 27-02-2014. The said Hearing was adjourned and re-fixed for 25-03-2014 on the request of the interveners.
4. Public hearing notice was published in the newspapers on 06-03-2014 & 11-03-2014 through which all interveners and interested / affected persons and parties were invited to furnish their comments / interventions / views, if any, within 14 days from the date of publication of the said notices. Public hearing was held on March 25, 2015 at Karachi.
5. In response thereto, the following interveners filed intervention requests with the Authority but did not submit any comments in this regard:-
  - (i) Mr. Muhammad Arif Bilvani
  - (ii) M/s Legal Blackstone, Karachi
6. The Authority, after scrutiny of the petition and available record, has arrived at the conclusion that the Petitioner fulfills the legal requirements and is entitled to the requisite licence. Therefore, the Authority, in exercise of its powers conferred under Sections 22(1) and 23(6) of the Oil and Gas Regulatory Authority Ordinance, 2002, read with Rule 3(3) of the Natural Gas Regulatory Authority (Licencing) Rules, 2002, hereby grants a licence to the applicant to carry out regulated activity of Transmission of Natural Gas from Reti-Maru Gas Field to Engro Fertilizers Limited Complex (Fertilizer Plant) at Daharki exclusively for self use effective from August 15, 2013 for a period of 30 years or till the period of permanent arrangements as per ECC decision dated 18-12-2012 or till the expiry of the Gas Supply Agreement between OGDCL and the Licensee, whichever comes first or unless the Licence is revoked earlier under the provisions of the Ordinance and the Rules.
7. The Licensee, in pursuance of Rule 20(x) of Natural Gas Regulatory Authority (Licencing) Rules, 2002, shall obtain approval from the Authority prior to entering into or amending Gas Supply Contract/Agreement with a producer of natural gas.

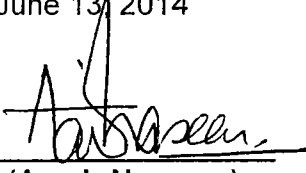
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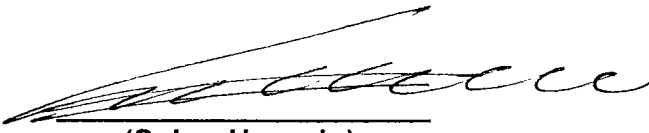
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8. The question relating to payment of fee has been considered keeping in view the provisions of Natural Gas Regulatory Authority (Licencing) Rules, 2002. Under Schedule-II, a licensee is required to pay annual fee @ 0.5% of annual turnover generated from the lincensed regulated activity of transmission of natural gas. However, it is appropriate to mention that in the present case, the licensee shall use the pipeline for transmission of natural gas for self consumption and will not be involved in the sale of natural gas or the transmission capacity to a third party, resultantly, no turnover would be generated on the regulated activity. Hence, 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 consumption.
9. The terms and conditions imposed on the licensee are contained in the licence document consisting of five [05] pages, which is issued to the Applicant today alongwith this decision.

Dated: June 13, 2014

  
**(Aamir Naseem)**  
Member (Gas)

  
**(Sabar Hussain)**  
Vice Chairman/ Member (Oil)

  
**(Saeed Ahmad Khan)**  
Chairman



# **Oil and Gas Regulatory Authority**

**Islamic Republic of Pakistan**

## **LICENCE**

**For**

**Transmission of Natural Gas**

**Granted to**

**Engro Fertilizers Limited**

**Licence No. NG-020/2014**

*Handwritten signature*

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# OIL & GAS REGULATORY AUTHORITY

Islamic Republic of Pakistan

Islamabad, 13<sup>th</sup> June, 2014  
Licence No. NG-020/2014

## THE LICENCE

ECC vide Case No. ECC 167/16/2012 Dated 18-12-2012, allocated 10 MMCFD gas from Reti Maru field to Four Fertilizer Plant Consortium. Subsequently, ECC vide case No ECC 37/4/2013 dated 22-02-2013 decided to allocate gas from Reti Maru (11-13 MMCFD SNGPL equivalent), to Engro in the interim period till the implementation of ECC decision on case No. ECC 167/16/2012 Dated 18-12-2012. The decision further reads that Engro will lay their own pipeline to receive gas from Reti Maru gas field.

In pursuance to ECC decision dated 22-02-2013 Engro Fertilizers Limited approached OGRA for grant of Licence for transmission line of 10" dia 26 km line to transmit Reti Maru gas to Engro Fertilizers Limited. The Oil and 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 (Licencing) Rules, 2002 (the "Licencing Rules"), after fulfilling the requisite formalities, hereby grants Licence to Engro Fertilizers Limited having its registered office at 7<sup>th</sup> Floor, The Harbor Front Building, HC-3, Marine Drive, Block 4, Clifton, Karachi (the "Licensee") to undertake the following regulated activity subject to the "Terms and Conditions Applicable to the Licensee" given hereinafter;

### Transmission of Natural Gas

Construction and operation of 26 km, 10 inch nominal dia transmission pipeline alongwith ancillary/connected facilities for the purpose of transmission of natural gas from Reti Maru gas field to Engro Fertilizers Limited battery limits at Daharki exclusively for self-consumption by the Licensee.

### Validity

The Licence shall be valid from August 15, 2013 (effective date) for a period of 30 years or till the period permanent arrangement as per ECC decision dated 18-12-2012 are in field or till the expiry of the Gas Supply Agreement between OGDCL and Licensee, whichever comes first or unless the Licence is revoked earlier under the provisions of the Ordinance and the Rules.

(Aamir Naseem)  
Member (Gas)

(Sabar Hussain)  
Member (Oil)/Vice Chairman

  
(Saeed Ahmad Khan)  
Chairman

# Terms and 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 Supply Agreement" means:
    - 1.2.1.1. Gas Supply Agreement between OGDCL and Engro Fertilizers Limited for supply of 11-13 MMCFD SNGPL equivalent natural gas from OGDCL's Reti Maru field to the Engro Fertilizers Limited; and
    - 1.2.1.2. Any extension or renewal of the aforesaid agreement or any new Gas Purchase and Sale Agreement between OGDCL and Licensee.
  - 1.2.2. "Licence" means this licence and any amendment, modification, extension or renewal thereof under the provisions of the Ordinance and the Rules;
  - 1.2.3. "Rules" means the rules made under the provisions of the Ordinance; and
  - 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 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 Licence, the Authority may renew the Licence on the terms and conditions, as deemed appropriate by the Authority, 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 by the Authority, 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 Licence in accordance with the provisions of the Ordinance and the Rules.

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### **3. Compliance with Laws/Ordinance/Rules**

- 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 Licence and vice versa.

### **4. Gas Supply Agreement**

- 4.1 The Licensee shall obtain prior approval of the Authority before execution of the "Gas Supply Agreement".

### **5. Gas Sale or Utilization of Transmission Capacity**

- 5.1 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.
- 5.2 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.

### **6. Fee**

- 6.1 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 consumption.

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

- 7.1. 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 Licence in appropriate manner. The Licensee shall provide to the Authority promptly such documents, records or information regarding the transmission of natural gas and the pipeline, as the Authority may require pursuant to the Ordinance, the Rules, and the Regulations made there under.

### **8. Miscellaneous**

- 8.1 The Licensee shall conform to the requirements of the Pakistan Environmental Protection Act, 1997 (XXXIV of 1997), as amended from time to time.
- 8.2 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.

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

8.4 If the pipeline is constructed or operated and maintained by a third party, that party must be holder of a valid Licence for this purpose.

## 9. Assignment and Transfer

9.1. The Licensee shall not assign or transfer the Licence or any rights or obligations therein without having obtained the prior written approval of the Authority in accordance with the provisions of the Ordinance and the Rules.

## 10. Notices

10.1. All notices to be given under any statute or terms and conditions of this licence 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,  
Engro Fertilizers Limited  
7<sup>th</sup> Floor, The Harbor Front Building,  
HC-3, Marine Drive, Block 4, Clifton,  
Karachi, Pakistan  
Telephone No: 92-21-111-211-211  
Facsimile No: 92-21-35810669

**Authority:** Registrar,  
Oil and Gas Regulatory Authority  
54-B, Fazal-e- Haq Road, Blue Area  
Islamabad, Pakistan.  
Telephone No: 92-51-9221715-18  
Facsimile No: 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. at 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.

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