



(آئل اینڈ گیس ریگولیٹری اتھارٹی) OIL & GAS REGULATORY AUTHORITY
"SAY NO TO CORRUPTION"

29

ISLAMIC REPUBLIC OF PAKISTAN

LICENSE

FOR

TRANSMISSION OF NATURAL GAS

TO

FAUJI OIL TERMINAL AND DISTRIBUTION COMPANY LTD

(FOTCO)

UNDER

OIL AND GAS REGULATORY AUTHORITY ORDINANCE,
2002

AND

OGRA'S NATURAL GAS REGULATORY AUTHORITY
(LICENCING) RULES, 2002

Licence No. NG-16 /2016


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Oil and Gas Regulatory Authority

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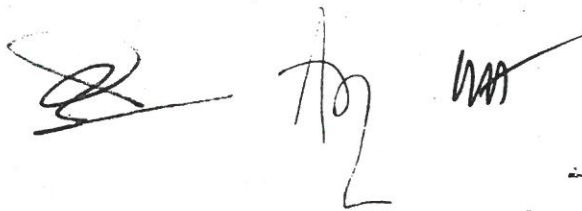
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The Licence

The Oil & Gas Regulatory Authority (hereinafter referred to as '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) and 23(6) of the Ordinance and Rule 3(3) of Natural Gas Regulatory Authority (Licensing) Rules, 2002 (the 'Licensing Rules') hereby grants to M/s Fauji Oil Terminal & Distribution Company Ltd (FOTCO) having its registered office at Port Bin Qasim, Karachi (the 'Licensee') a Licence (the 'Licence') to undertake the following regulated activities subject to the terms and conditions given hereinafter:-

Transmission of Natural Gas

- (i) Construction and operation of natural gas pipeline (30" * 13.3 km approx. Long) alongwith ancillary / connected facilities for the purpose of transmission of natural gas from proposed Pakistan Gas Port Consortium Ltd (PGPCL)'s terminal to SSGC's tie in point located at Port Qasim Karachi for onward transportation & Sale through a valid licence holder.

Validity

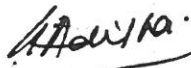
The License shall be valid from December 21, 2016 (effective date) for a period of 15 years or till the expiry of LNG operations and services agreement dated 01-07-2016 between PLTL and PGPCL, whichever comes first, unless the License is revoked earlier under the provisions of the Ordinance and the Rules.




(Noorul Haque)
Member (Finance)



(Aamir Naseem)
Member (Gas)



(Uzma Adil Khan)
Chairperson



REGISTRAR
Oil & Gas Regulatory Authority
Islamabad

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. "Agreement" means Agreement between PGPCCL and PLTL.

1.2.2. "Authority" means the Oil and Gas Regulatory Authority established under section 3 of the Ordinance;

1.2.3. "Annual turnover of the licensee" means the actual turnover less amounts representing, Sales Tax and other such charges, levies, duties, taxes or cesses imposed by the Federal/provincial Government and any other expenses as decided by the Authority.

1.2.4. "Licence" means this licence and any amendment, modification, extension or renewal thereof under the provisions of the Ordinance and the Rules;

1.2.5. "Rules" means the rules made under the provisions of the Ordinance; and 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.

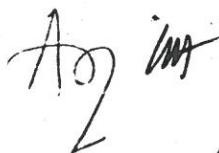
1.2.6 "Transmission Tariff" means the charges to be received in undertaking the regulated activity as per applicable legal framework.

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.

Oil and Gas Regulatory Authority



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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.

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, Rules and Regulations made thereunder and as amended and decisions of the Authority from time to time.

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 Sale or Utilization of Transmission Capacity

4.1 The Licensee shall not sell or transport gas to any person without obtaining a Licence/ capacity allocation 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. Payment of Fee

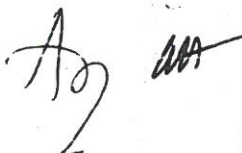
5.1 The Licensee shall promptly and regularly pay the fees prescribed in the Rules.

5.2 Unless otherwise prescribed in the Rules, the Licensee, from the effective date throughout the terms of the Licence including any renewal thereof, shall pay annual fee of 0.5 percent of the annual turnover (as defined in the Licensing Rules) of the Licensee from the **transmission** of natural gas from proposed Pakistan Gasport Consortium Ltd (PGPCL)'s Terminal to SSGCL's Tie In point located at Port Qasim, Karachi in respect of the most recent completed financial year.

5.3 If the 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 within one month completion of Audit accounts, or any other date approved by the Authority.

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 or adjust the same against such future fee.



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 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 thereunder.**

7. Miscellaneous

7.1 The Licensee shall comply with 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 strictly in 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.

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

7.5 The natural gas will only be supplied / transmitted for onward sale through a valid licence holder.

8. Assignment and Transfer

8.1. 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.

9. Notices

9.1. 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:

Company Secretary,
Fauji Oil Terminal & Distribution Company Ltd (FOTCO)
Port Bin Qasim, Karachi.
Telephone No. 021-34720003-5
Fax No. 021-4720010

Authority:

Registrar,
Oil and Gas Regulatory Authority
54-B Fazal-e- Haq Road, Blue Area,
Islamabad, Pakistan.
Telephone No. 051-9244296, 051-9244090-98
Fax No. 051-9244310
Website: www.ogra.org.pk

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.




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"SAY NO TO CORRUPTION"

OGRA-6(1)NG/FOTCO/2016
Licence No. NG-16 /2016

IN THE MATTER OF

FAUJI OIL TERMINAL AND DISTRIBUTION COMPANY LTD
(FOTCO)

LICENCE TO UNDERTAKE REGULATED ACTIVITY RELATED TO
TRANSMISSION OF NATURAL GAS

UNDER

OIL AND GAS REGULATORY AUTHORITY ORDINANCE, 2002

AND

OGRA'S NATURAL GAS REGULATORY AUTHORITY
(LICENCING) RULES, 2002

DECISION

DECEMBER 21, 2016

Ms. Uzma Adil Khan, Chairperson

Mr. Aamir Naseem, Member (Gas)

Mr. Noorul Haque, Member (Finance)

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AUTHORITY'S DECISION

1. Fauji Oil Terminal and Distribution Company Limited (FOTCO), (hereinafter referred to as "the petitioner") filed a petition on April 22, 2016 under Section 23 of Oil and Gas Regulatory Authority Ordinance, 2002 read with Rule 4 of the Natural Gas Regulatory Authority (Licencing) Rules, 2002 for the grant of Licence to carry out the regulated activity of Construction and operation of pipeline (30 inch, 13.3 km long) along with ancillary / connected facilities for the purpose of Transmission of Natural Gas from proposed LNG Terminal of Pakistan Gasport Consortium Ltd (PGPC) to SSGCL's tie in point in the vicinity of Port Qasim, Karachi.
2. The petitioner has informed that as per scheme of the Project, Pakistan LNG Ltd (PLL) will be responsible for procurement and import of LNG at the proposed LNG terminal of Pakistan Gasport Consortium Limited (PGPCL). Pakistan LNG Terminal Ltd (PLTL) will arrange its re-gasification and delivery to SSGCL's transmission line injection point through FOTCO's transmission line.
3. After completion of all the requisites and in pursuance of Section (9) of the OGRA Ordinance, 2002 and Rule (10) of the Natural Gas Regulatory Authority (Licencing) Rules, 2002, the Authority, through Public Hearing Notice published in the leading National Press on 29-11-2016 invited all interveners and interested / affected person and parties to furnish their comments / interventions / views, if any, within 14 days from the date of publication of the said notice, however no intervention requests were received to the Authority.
4. Subsequently, the Public Hearing, in the instant matter was held on December 13, 2016 at Karachi, wherein arguments of the Petitioner were heard in length. The following representatives of FOTCO were present:

- i) Mr. Hassan Sobuctageen, Chief Operating Officer, FOTCO
- ii) Mr. Ammar Raza Zaidai, Asstt. Manager, Business Development, FOTCO

Mr. Ammar Raza Zaidai, Asstt. Manager, Business Development, FOTCO gave a brief presentation to the Authority. Salient features of the presentation are as under:

i) **FOTCO**

- FOTCO is a joint venture of Pakistan's Fauji Foundation and Hong Kong-based Infraavest Limited
- It owns and operates a state-of-art maritime oil terminal at Port Qasim, Karachi set up at a cost of \$100 million
- Terminal handled over 111 million tons of oil and over 2,000 vessels since its establishment



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- The terminal is ISO9002-certified in the marine oil terminals category in Pakistan. It also has ISO9001, ISO14001, OHSAS19001 certifications
- FOTCO is committed to provide services for transportation of RLNG from PGPC jetty to the delivery point, including operation of the LNG terminal

ii) **Project Parameters**

- 30" inch dia 14 Km (approx.) gas transmission pipeline from LNG Jetty upto delivery point
- Pipeline Capacity – 750 mmcf/d (extendable to 1.2 BCFD)
- Pressure Regulating Facility at SSGCL delivery point
- Gas Metering Station

iii) **Location**

- 1.3 Km across navigation channel from FOTCO jetty, clear of existing navigation channel

iv) **Methodology**

- **Horizontal Directional Drilling (HDD)**: 1.5 km sub sea pipeline connecting the jetty to the onshore pipeline section at existing FOTCO jetty
- **Onshore Trestle Pipeline**: 4 Km long pipeline part is laid on to the length of trestle upto point P-1 of existing FOTCO Terminal
- **Buried Pipeline**: Approx. 8 Km buried pipeline section from P-1 upto the SSGCL tie-in point at Port Qasim

v) **Progress**

- 100% Preliminary design has been completed by XPE
- 70% Detailed design has been completed
- All studies and surveys completed
- Construction equipment has been mobilized at site
- Contractor mobilization expected by 20th December, 2016
- Purchase orders for all equipments are in place
- Financial Close expected by 30th December, 2016

vi) **Timelines**

By giving the timeline for completion of the subject project, the petitioner stated that commissioning process shall be completed by June 15, 2017 and the first Gas Delivery Date shall be June 30, 2017.

vii) **Prayer**

At the end, FOTCO requested the Authority to grant Licence for Transmission of Natural Gas from proposed Pakistan Gasport Consortium Ltd (PGPCL)'s terminal to SSGCL's tie in point located at Port Qasim, Karachi

[Handwritten signatures and initials]

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5. After detailed presentation by FOTCO, full opportunity of hearing was provided to the participants from general public to extend their comments / objections / suggestions if any, however nobody presented their point of view in the instant matter. The following professionals related to Oil & Gas Industry, Energy Consultants, Energy Department, Govt. of Sindh and representatives of General Public were present in the Public Hearing proceedings:

Professional / Representatives of General Public / Participants

- i) Mr. Fasih Ahmed, Chief Executive Office, PGPC
- ii) Mr. Iqbal Z. Ahmad, Chairman Associated Group (AG)
- iii) Mr. Zuhair Siddiqui, Consultant PGPC
- vii) Mr. Rahat Kamal, Sr. Project Director, PGPC
- iv) Mr. Mujeeb ur Rehman, Consultant PGPC
- v) Mr. Muhammad Kashif, Manager Finance PGPC
- vi) Mr. Ali Haseeb, Sr. Manager Technical PGPC
- vii) Mr. Moiz, Business Development Officer, PGPC
- viii) Mr. Nabeel Sheikh, Business Development Officer, PGPC
- ix) Ms. Minely, Chinese National, Director Business Development
- x) Mr. Raza Wahid, Director PGPC
- xi) Col. Ahmad Mughal (R), PGPC
- xii) Mr. Ali Raza, PGPC
- xiii) Mr. Usama Khan, Project Engineer, PLTL
- xiv) Mr. Tariq Ali Shah, Energy Deptt. Govt. of Sindh
- xv) Mr. Muhammad Rizwan Hasan, Technical Manager, PLTL
- xvi) Mr. Asim Iftikhar, Director, PGPL
- xvii) Mirza Aamir, Managing Director, Fertile Capital
- xviii) Mr. Masood Bhatti, Head of Commercial, Behria LNG
- xix) Mr. Azhar Anjum, Manager Coordination BFLTP
- xx) Mr. Mujtaba Jatoi, Chief Executive Office, GEIM
- xxi) Col (R) S.M. Malik, LNG Consultant
- xxii) Mr. Usman Ali, Consumer
- xxiii) Mr. Muhammad Azhar Siddique, Advocate Supreme Court of Pakistan
- xxiv) Mr. Muhammad Awais, Analyst, Pak Burnai
- xxv) Mr. Masood Alam Farooqi, Natural Gas/LPG Consultant
- xxvi) Mr. Awais Mir, Chief Executive Officer, TDS/Galwax
- xxvii) Syed Anwar Alam, Muslim World Economist
- xxviii) Engr. Pervez Sadiq, Sheri Institute of Engineering

6. The Authority, after detailed in-house deliberations, scrutiny of the petition and hearing viewpoints during Public Hearing, has arrived at the conclusion that the petitioner fulfills the legal requirements and is entitled to the requisite license. Therefore, the Authority, in exercise of its powers conferred under Section 22(1) and 23(6) of the Oil and Gas Regulatory Authority Ordinance, 2002 read with Rule 3(3) of Natural Gas Regulatory Authority (Licensing) Rules, 2002, hereby grants a license to the petitioner to undertake the regulated activity of Construction and Operation of Pipeline alongwith ancillary / connected facilities

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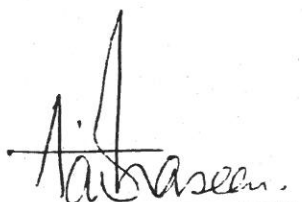
for the purpose of Transmission of Natural Gas from proposed Pakistan Gasport Consortium Ltd (PGPCL)'s Terminal to SSGCL's Tie In point located at Port Qasim, Karachi as per terms and conditions mentioned in the Licence Document for a period of fifteen [15] years from the (21-12-2016) effective date or till the expiry of LNG operations and services agreement dated 01-07-2016 between Pakistan LNG Terminal Ltd (PLTL) and PGPCL, whichever comes first, unless the License is revoked earlier under the provisions of the Ordinance and the Rules made thereunder.

7. The licensee shall be liable to pay the fee in accordance with Schedule-II of Natural Gas Regulatory Authority (Licensing) Rules, 2002.
8. The terms and conditions imposed on the licensee are contained in the License Document consisting of (07) pages, which is issued to the licensee today along with this decision.

Dated: December 21, 2016



(Noorul Haque)
Member (Finance)



(Aamir Naseem)
Member (Gas)



(Uzma Adil Khan)
Chairperson


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Oil & Gas Regulatory Authority
Islamabad