

Dated: *September 15, 2022*

**LICENSE
FOR
REGULATED ACTIVITIES RELATED TO SALE OF NATURAL
GAS (FLARE GAS)**

**TO
M/S MARI PETROLEUM COMPANY LIMITED
(FOR KALABAGH-1A FIELD TO M/S S.N. MINERALS (PVT)
LIMITED)**

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

**AND
FLARE GAS (FG) UTILIZATION GUIDELINES, 2016**

Signature 1 *Signature 2* *Signature 3*

Licence No. FG-32/2022

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THE LICENCE

The Oil and Gas Regulatory Authority (the "Authority") in exercise of its powers conferred by Sections 6(2)(a), 22 (1) and 23 (1)(d) & 23 (6) of the Oil and Gas Regulatory Authority Ordinance, 2002 (the "Ordinance") and the Rule 3 (3) of the Natural Gas Regulatory Authority (Licensing) Rules, 2002 and Federal Government's Flare Gas Utilization Guidelines, 2016, hereby grants a License (the "License") to M/s Mari Petroleum Company Limited (MPCL), having its registered office at 21 Mauve Area, 3rd Road, G-10/4, Islamabad, Pakistan (the "Licensee") to undertake the following regulated activity subject to the terms and conditions given hereinafter;

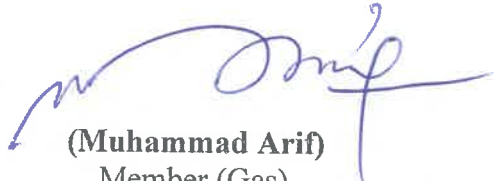
Regulated Activities:


Sale of Natural Gas (Flare Gas) from Kalabagh-1A Field (Development and Production lease area), District Mianwali, Karak Block, Punjab, Pakistan to M/s S.N. Minerals Pvt Limited for utilization of upto 0.10 MMscfd of dissolved Low Pressure/ Flare gas through pipe line in its concession area, in accordance with Federal Government's Flare Gas Utilization Guidelines, 2016.

Validity:

This Licence shall be valid from 15-09-2022 (effective date) for a period of five years or within validity period mentioned in the Gas Sale and Purchase Agreement executed between M/s Mari Petroleum Company Limited and M/s S.N. Minerals Pvt. Limited, whichever is earlier, unless the Licence is revoked/ terminated earlier under the provision of Ordinance and Rules made thereunder.


(Zainul-Abideen Qureshi)
Member (Oil)


(Muhammad Arif)
Member (Gas)


(Masroor Khan)
Chairman

Terms and Conditions of the License

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 Rules.
- 1.2 In this Licence unless there is anything repugnant in the subject or context: -
- 1.2.1 "Authority" means the Oil and Gas Regulatory Authority established under Section 3 of the Oil and Gas Regulatory Authority Ordinance, 2002.
- 1.2.2 "Development and production Lease" Means Kalabagh-1 Field, Development and Production lease granted by the President, Islamic Republic of Pakistan to the Licensee initially under and in accordance with the provisions of the Pakistan Petroleum (Exploration and Production) Rules, 2002, as amended from time to time;
- 1.2.3 "Flare Gas" means natural gas.
- 1.2.4 "Gas Sale and purchase Agreement" means GSPA for Kalabagh-1 field between Mari Petroleum Company Limited (MPCL) and M/s S.N. Minerals (SMC-Pvt) Limited, as amended from time to time;
- 1.2.5 "Natural Gas" means hydrocarbons or mixture of hydrocarbons and other gases which at sixty degrees Fahrenheit and atmospheric pressure are in the gaseous state (including gas from gas wells, gas produced with crude oil and residue gas and products resulting from the processing of gas) consisting primarily of methane, together with any other substance produced with such hydrocarbons;
- 1.2.6 "Ordinance" means the Oil and Gas Regulatory Authority Ordinance, 2002.
- 1.2.7 "Rules" means Natural Gas Regulatory Authority (Licensing) Rules 2002 and any other applicable rules framed under the Ordinance.
- 1.2.8 "Lease Holder" means Development and Production Lease holder i.e M/s Mari Petroleum Company Limited, in accordance with the provisions of Pakistan Petroleum (Exploration and Production) Rules read with Flare Gas Utilization Guidelines, 2016 and the regulator for the same is Directorate General Petroleum Concession, Ministry of Energy (Petroleum Division).
- 1.3 Any reference to 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 Decisions of the Authority

- 2.1 The Licensee shall ensure that it complies at all times with the applicable laws of Pakistan, including the provisions of the Ordinance and Rules made thereunder as well as the directions/ order issued by the Authority from time to time.
- 2.2 Any Policy or Policy guidelines of the GoP including Flare Gas Utilization Guidelines, 2016 or the subsequent amendments issued thereof shall be binding on the Licensee.
- 2.3 The Licensee shall apply for, obtain and maintain all consents /approvals/ NOCs/Licenses necessary under applicable laws for carrying out the regulated activities properly and in a timely manner and shall diligently pursue all such applications.

3. Renewal, Modification, Revocation and Early Termination of the Licence

- 3.1 On an application made by the Licensee to the Authority, before the expiry of the licence along with requisite documents and the fee to Registrar OGRA at least three (03) months prior to the expiry date of the Licence, the Authority may renew the Licence on the terms and conditions as deemed appropriate in accordance with the law and policy of the GOP by that time.
- 3.2 The terms and the conditions of the Licence may be amended, varied, modified, extended or revoked in accordance with the provisions of the Ordinance and the applicable rules as amended from time to time.
- 3.3 On an application made by the Licensee for an early termination of Licence, with three (03) months' prior notice, the Authority may terminate the licence.
- 3.4 Approval of the Authority shall be required prior to any modification, assignment, alteration, augmentation, addition or abandonment of the assets / works.
- 3.5 The Authority may issue, from time to time, any other administrative or regulatory instructions, orders or directions, which in the opinion of the Authority would be necessary to safeguard the public interest which will be binding on the Licensee.
- 3.6 The Authority has exclusive power, to be exercised in the manner prescribed in the rules, to grant, issue, renew, extend, modify, amend, suspend, review, cancel and reissue, revoke or terminate a licence in respect of any regulated activity.



4. **Assignment and Transfer**

- 4.1 The licensee shall not transfer or assign the Licence or any right/ interest or obligations thereunder without having obtained prior written approval of the Authority.

5. **Operation and Maintenance**

- 5.1 The Licensee shall ensure safe operation of the regulated activities as per Clause-G and J of Flare Gas Utilization Guidelines, 2016.
- 5.2 The Licensee shall ensure safe design, construction, maintenance and operation while undertaking the regulated activities by implementation of the MIGS Rules, 2010 and all applicable standards and codes.
- 5.3 The Licensee shall submit to the Authority, the details of maintenance activities carried out by the Licensee in respect of each regulated activity including maintenance of measuring equipment.
- 5.4 The Licensee shall submit any other information required by the Authority from time to time.
- 5.5 The Authority may appoint third party inspector for the purpose of verification of works of licensee in pursuance of clause 5.1 to 5.4 of the licence as and when required or annually and the fee for the same shall be paid by licensee as determined by the Authority from time to time.
- 5.6 Fortnightly gas specification report (showing all parameters of notified specification) in compliance of gas quality/ specifications approved by the Authority shall be submitted.
- 5.7 The Licensee and M/s S.N. Minerals shall be held responsible, as the case may be, for any loss of public life and property resulting due to incident/ accident or happening of any event at the field gate, Pipeline System or destination/ downstream. Civil and/ or criminal action will be initiated as per law by the relevant Federal and Provincial Authorities without prejudice to action(s) taken under the Ordinance and the Rules.

6. **Safety, Environment and Public Awareness Campaign**

- 6.1 Licensee shall carry out regulated activity as per its obligations under Clauses G & J of Flare Gas Utilization Guidelines, 2016.
- 6.2 Licensee shall conform to the requirements of Pakistan Environmental Protection Act, 1997 as amended from time to time.

- 6.3 Licensee shall adopt appropriate Health, Safety and Environment measures / practices and public awareness campaign in accordance with applicable national/international standards in field or any other standard specified by the Authority.
- 6.4 Licensee will arrange disposal of removed hazardous liquid from line pipe etc if any in accordance with national and international best practices.

7. Reporting of accident and compensation

- 7.1 Licensee shall take all measures to ensure safety of general public and property.
- 7.2 Licensee will be responsible for any mishap that takes place during transportation of Flare Gas occurring due to Licensee's incompetence or negligence or use of sub-standard material, supply of off-specification gas, and non-compliance of applicable safety rules/codes / standards, etc.
- 7.3 Licensee shall be responsible to immediately report such mishap/incident/accident to the Local Authorities and Department of Explosives under intimation to the Authority.
- 7.4 The Licensee will be liable to compensate the loss of any life/property, which shall be determined by the concerned Authority, on case-to-case basis, without prejudice to other civil / criminal liabilities.

8. Penalty

- 8.1 The breach of any law, including the breach of any provision of the Ordinance, Rules or regulations and decisions of the Authority, issued there under, shall be deemed to be a breach of the terms and conditions of the License.
- 8.2 If the Authority is of the opinion that the licensee contravenes any condition of the license, rules, regulations, standards, decisions/ directions of the Authority issued from time to time, the Authority shall, without prejudice to any other action taken, take such action as prescribed in the rules, including modification, suspension, cancellation, rescission and revocation of licence.
- 8.3 Licensee shall be liable to comply with such directions of the Authority including payment of any penalty imposed by the Authority.

9. Maintenance of Proper Accounts of the Regulated Activities

- 9.1 Commencing from grant of license or any other date approved by the Authority on an application by the Licensee, the Licensee shall keep proper books of accounts and records separately for regulated activities carried out under this licence for free access of the Authority.

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9.2 The Licensee shall procure, in respect of financial statements prepared in respect of a financial year, a report by the auditors and the report shall be submitted to the Authority for adjustment of annual fee on the basis of turnover of the company.

10. Transparency in Procurement Policies and Procedures

10.1 Licensee shall adopt transparent and competitive procurement policies and procedures in relation to any of its regulated activities and make available the same to any person upon request.

11. Abandonment of Regulated Activities

11.1 The Licensee shall not abandon the undertaking of regulated activities without the prior written approval of the Authority.

12. Insurance

12.1 The Licensee shall obtain and maintain insurance from an insurer to cover all liabilities that may arise from the undertaking of the regulated activities.

13. Change in Ownership

13.1 The Licensee shall not allow any change in its ownership or controlling interest to any third party/ other company without the prior written approval of the Authority.

14. Utilization of Facility by third party

14.1 The Licensee shall not allow the use of licensed facilities to any third party for the purpose of Compression, Storage, Transportation or Sale of Flare Gas/ Compressed Flare Gas.

15. Indemnity

15.1 There is no court order in the field restraining / prohibiting the operation of the facility or sale of flare gas. In case any such court order exists in the field, this licence shall stay withdrawn / cancelled automatically.

15.2 The Licensee shall keep OGRA indemnified from any obligations including litigations, arising due to the instant agreement.

15.3 In case, any information / document given by licensee is incorrect / false / forged, the licence issued on the basis of such information / document shall be immediately revoked by the Authority, without any notice to the licensee.

16. Annual Fee

- 16.1 The Licensee shall promptly and regularly pay the fees and charges determined/prescribed in the Rules as determined/prescribed by the Authority from time to time.
- 16.2 Unless otherwise prescribed in the Rules, the Licensee shall pay annual fees of 0.25% percent of the annual turnover (as defined in the NGRA Licensing Rules, 2002) of the Licensee from the sale of natural gas, in respect of the most recent completed financial year, computed on the basis of separate book of accounts as provided under in Licence condition 9, above.
- 16.3 If the annual 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 fees under condition 16.2.

17. Tariff Determination

- 17.1 The Licensee shall be entitled to charge tariff in accordance with policy guidelines issued from time to time by the Federal Government.

18. Notices


- 18.1 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 any party may from time to time specify in writing to the Authority:

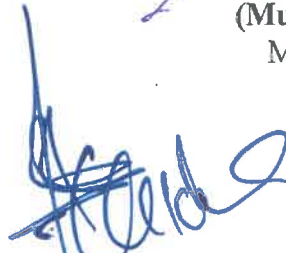
Three handwritten signatures in blue ink are present. The first signature on the left is a stylized 'Z' or 'Q'. The middle signature is 'NEIR'. The signature on the right is 'MAY' with a long, sweeping underline.

Licensee: **Managing Director/CEO**
21 Mauve Area, 3rd Road, G- 10/4, Islamabad.
Telephone:- + 92-51-8020200
Fax:- +92-51-2352859
E-Mail: Muhammad.Sajjad@mpcl.com.pk

Authority: **Registrar,**
Oil and Gas Regulatory Authority
54-B, Fazal-e- Haq Road, Blue Area
Islamabad, Pakistan.
Telephone No: 92-51-9244090-98
Fax No: 92-51-9244042


(Zainul-Abideen Qureshi)
Member (Oil)


(Muhammad Arif)
Member (Gas)


(Masroor Khan)
Chairman

CC:

- i. Secretary Petroleum, Ministry of Energy, Islamabad.
- ii. Chief Secretary, Govt of Punjab, Lahore.
- iii. Director General, Department of Explosives, Rawalpindi.