

**CONSTRUCTION / INSTALLATION LICENCE**

**TO UNDERTAKE REGULATED ACTIVITIES OF LNG VIRTUAL  
PIPELINE PROJECT**

**INSTALLATION OF EQUIPMENT THROUGHOUT THE SUPPLY  
CHAIN AND CONSTRUCTION OF ASSOCIATED FACILITIES WHERE  
REQUIRED**

**UNLOADING OF LNG FROM SMALL SCALE LNG CARRIERS INTO  
ISO CRYOGENIC BOWZERS**

**SUPPLY OF LNG TO CUSTOMERS THROUGH CERTIFIED  
CRYOGENIC BOWZERS AND INSTALLATION OF RE-GASIFICATION  
AND STORAGE FACILITIES AT END CONSUMER PREMISES**

**UNDER**

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

**AND**

**OIL AND GAS REGULATORY AUTHORITY**

**(LNG) RULES, 2007**

**GRANTED TO**

**LNG EASY (PRIVATE) LIMITED (LNGe)**



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**THE LICENCE**

The Oil and Gas Regulatory Authority, (the "Authority") established under 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 under Section 22 of the Ordinance and Rule 3 (2) of OGRA (Liquefied Natural Gas) Rules, 2007 (the "LNG Rules") hereby grants to **LNG Easy (Private) Limited (LNGe)** (the "Licensee"), registered office at Head office, 726, 7<sup>th</sup> Floor, Executive Tower, Dolmen Clifton Karachi, a license to undertake the following regulated activities subject to the terms and conditions given hereinafter;

**Regulated Activities:**

- a. Installation of certified prebuilt floating LNG unloading facility i.e. Mobile Filling Platform (MFP), construction/installation of all necessary allied facilities for the purpose including loading arms / certified cryogenic hoses, piping, LNG storage, measurement equipment, container yard, parking lot for trucks at Berth No. 23, Karachi Port Trust (KPT), Karachi. Transportation of certified LNG cryogenic bowsers and installation of satellite re-gasification units at end user premises.
- b. LNG shall be transferred through the Mobile Filling Platform (MFP) from LNG carrier to licensed cryogenic bowsers through certified cryogenic hoses by trained / certified workforce and in compliance with all the relevant internationally accepted safety protocols. Subsequently ISO Cryogenic bowsers shall be transported to the end consumers by road through trucks specifically designed for the purpose meeting all the safety protocols and trained drivers. LNG shall be re-gasified at end users premises through satellite re-gasification units manufactured as per requisite international standards and operated by trained / certified workforce.
- c. Licensee shall construct / install the facilities within **twenty four (24)** months of grant of this licence or within the period of Implementation Agreement signed with the Port Authority whichever is longer.
- d. Before commencement of construction / installation activity, LNGe has to provide the following:
  - *Agreement with KPT before commencement of construction/ installation work*
  - *SOP's for the handling and safety of cryogenic bowsers by NLC*
  - *Attested financial statements of LNG Easy and Punjab group for FY 2022*
  - *Revised Memorandum and Article of Association with regard to inclusion of Punjab Group as shareholder, duly issued by SECP*

- *Letter of support of financial institutions stating that they will financially support the project through loans / equity etc.*
- e. Since the project developer intends to import the equipment including LNG cryogenic bowsers from China which shall be manufactured as per GB standards, therefore an equivalence study was carried out through a consultant appointed by LNGe. This is required as per LNG Policy, 2011 which defines the code and standards for LNG related equipment and activities according to ASME, EN, ISO standards or equivalent. The study concluded that GB covers requirements of Pressure Vessel Design and can be adopted as an acceptable standard in addition to relevant ASME standards. The study has been shared with the DoE by OGRA since the licensing of the LNG equipment including cryogenic bowsers shall be carried out by them as per their domain. LNGe must ensure that all the equipment including cryogenic bowsers comply with the international standards and are licensed by DoE.
  - f. Operation of the supply chain including LNG receiving terminal / its allied facilities including loading / unloading, filling, transportation, storage, re-gasification shall only commence once an independent OGRA consultant, appointed by the Authority pursuant to Rule 31(1)(ii) of the LNG Rules 2007 confirms that the project meets the international standards as per LNG Policy 2011 (or equivalent) and it has been successfully commissioned in accordance with the project implementation plan submitted along with the application, or any amendment subsequently incorporated therein with the prior approval of the Authority. Specific set of conditions for operation of the supply chain shall be issued subsequently.

**License Validity:**

- (i) The License shall be valid for two (2) years with effect from the date of issuance unless revoked or modified earlier under the provisions of OGRA Ordinance 2002, LNG Policy 2011, LNG Rules 2007 and any other applicable law.
- (ii) In case of promulgation of additional or subsequent legislation, this License shall be renewed upon request of the "Licensee" or as modified by the Licensing Authority.

**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 OGRA Ordinance 2002, LNG Rules 2007, LNG Policy 2011, as amended from time to time.

1.2 The following words shall have the following meanings:

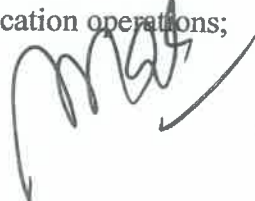
1.2.1 "Authority" means Oil and Gas Regulatory Authority established under Section 3 of the Ordinance;

1.2.2 "Allied facilities" means all facilities / equipment which is being used to support LNG unloading operations and re-gasification operations;

  
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- 1.2.3 “Boil-Off” means the vapor that results from vaporization of LNG in the LNG carrier or the LNG import facility whether during unloading or while in the storage tanks;
- 1.2.4 “Container yard” means designated area or premises for storage of empty and filled LNG containers;
- 1.2.5 “Equipment standard” means standards in compliance with the LNG Policy 2011 or equivalent;
- 1.2.6 “HSSE” means health, safety, security and environment;
- 1.2.7 “LNG” means Liquefied Natural Gas;
- 1.2.8 “LNG Policy” means LNG Policy 2011 and subsequent modifications/ policy guidelines relating to LNG, issued by the Federal Government, from time to time, pursuant to section 21 of the Ordinance;
- 1.2.9 “LNG Rules” means Oil and Gas Regulatory Authority (Liquefied Natural Gas) Rules 2007;
- 1.2.10 “LNG Terminal” means fixed or movable facilities, whether located on land or sea, used for loading, unloading, storage and re-gasification of LNG including all ancillary and auxiliary equipment and pipelines;
- 1.2.11 “Loading arms/ certified cryogenic hoses” means cryogenic fluid marine loading arm or hoses, special equipment specially used for loading and unloading cryogenic LNG as below as – 163 degree Celsius between LNG vessels, Mobile Filling Platform and LNG storage tanks;
- 1.2.12 “Measurement equipment” means LNG / RLNG flow meters, temperature & pressure gauge/transmitter, level gauge/transmitter, weigh bridge etc;
- 1.2.13 “Mini grid” means a gas distribution piping network including gas measurement and other auxiliary (a regulated activity) downstream of LNG satellite re-gasification units;
- 1.2.14 “Mobile Filling Platform (MFP)” means Floating barge equipped with LNG offloading facilities. The barge is equipped with emergency release coupling arrangements, emergency shutdown system, firefighting equipment etc;
- 1.2.15 “Ordinance” means the Oil and Gas Regulatory Authority Ordinance, 2002;
- 1.2.16 “Parking lot for truck” means a designated area or premises for trucks to park before and after LNG filling;

- 1.2.17 "Piping" means all primary and allied LNG / RLNG handling pipes and connection to handle cryogenic temperature, protected with adequate thermal insulation as per standards;
- 1.2.18 "Regulated activities" means the scope of activities defined in this License;
- 1.2.19 "Safety & quality management" means QA/QM system which shall cover all management activities in relation to the LNG/RLNG services infrastructure and its operations including HSSE program;
- 1.2.20 "Satellite re-gasification units" means facilities that stores and re-gasify LNG into natural gas by means of ambient air. The units consist of LNG storage tanks, vaporizers, pumps and tank unloading skids, pressure regulation and metering;
- 1.2.21 "Terminal capacity" means maximum throughput flow rate of terminal and / or maximum storage capacity.

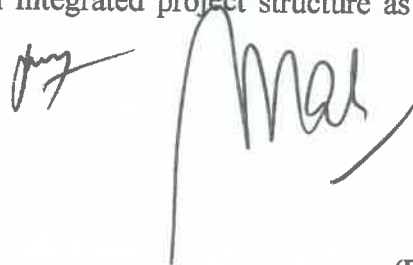
## **GENERAL CONDITIONS APPLICABLE TO THE LICENSEE**

### **2. Applicability of the Terms and Conditions:**

- 2.1. The terms and conditions of this license shall be applicable to the Licensee and the performance of regulated activities by Licensee shall be governed by the provisions of the OGRA Ordinance 2002 and the applicable rules/ regulations made thereunder including definitions as envisaged in said law.
- 2.2. This License is for installation of Mobile Filling Platform (MFP) and construction/installation of associated allied facilities which may include construction/ installation and of facilities required for LNG loading/Unloading, container yard, parking lot for trucks, storage and filling of LNG at the designated port, transportation of LNG cryogenic bowzers, re-gasification facilities at consumer premises.
- 2.3. The Licensee shall not undertake any other regulated activity, not specified herein without prior written approval or obtaining a license, as the case may be, from the Authority.

### **3. License Type: -**

- 3.1. LNG Terminal construction and operation, LNG storage, LNG filling, LNG marketing, LNG distribution, LNG transportation, LNG testing, LNG processing / re-gasification under LNG Rules, 2007 as an integrated project structure as defined in LNG Policy 2011.



4. **Terminal / MFP Filling Capacity: -**

4.1. As per the application filed by the licensee, the MFP shall have a maximum filling capacity of 900 m<sup>3</sup> of LNG per hour which shall enable it to fill 18 ISO containers simultaneously at the rate of around 36 m<sup>3</sup> per hour for each filling point. Any further extension in terminal/MFP filling capacity will be subject to approval of all relevant authorities including OGRA under OGRA (LNG) Rules 2007.

5. **Payment of Fee: -**

5.1. The Licensee shall promptly and regularly pay the fees prescribed in LNG Rules, 2007. The Licensee shall pay to the Authority, fee for grant of license and carrying out regulated activities, as specified in the LNG Rules or in accordance with other applicable rules made under the Ordinance, or amended from time to time.

5.2. The annual fees shall be payable by the Licensee yearly in advance in accordance with Rule 29 and Schedule II of OGRA (LNG) Rules, 2007 or as amended from time to time. The fee for grant or renewal of License, as the case may be, shall also be payable as per the provisions of the requisite rules.

5.3. The Licensee shall be responsible for meeting its above-mentioned financial obligations to the Authority.

6. **Compliance with Laws:**

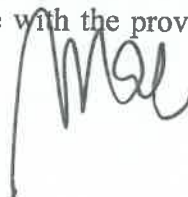
6.1. The Licensee shall ensure that it complies at all times with the applicable laws of Pakistan and in particular with the provisions of the OGRA Ordinance 2002, LNG Policy 2011, LNG Rules 2007 and the terms and conditions of this licence.

6.2. The breach of any provision of the OGRA Ordinance, LNG Policy 2011 or the LNG Rules 2007 shall be deemed to be a breach of the terms and conditions of the License.

7. **Modification, Renewal or Revocation of License:**

7.1. On an application made by the Licensee to the Authority by filing it with the Registrar along with such fee as may be determined by the Authority, the License or the terms and conditions thereof may be modified by the Authority in accordance with the provisions of the Ordinance and the Rules made thereunder.

7.2. The Authority may initiate the process of modification of the terms and conditions of a License without a request from the Licensee if the Authority determines, for reasons to be recorded in writing that it is in the public interest to do so. Prior to any modification, the Authority may hold a hearing in accordance with the provisions of Rule 10 of LNG Rules 2007.



7.3. A Licensee may apply for the extension in its License at least six (06) months prior to the expiry thereof. The Authority may extend the Licence on such terms and conditions as it may deem appropriate in accordance with LNG Rules, 2007.

7.4. The Authority may revoke the License in the public interest in accordance with the LNG Rules 2007. If it is in the public interest to do so, instead of revoking the License, the Authority may permit the License to remain in force with such amendments or such terms and conditions as it deems appropriate.

**8. Project Implementation Plan, Timeline and Milestone:**

8.1. The Licensee shall submit to the Authority, project implementation plan for installation of certified prebuilt floating LNG unloading facility i.e. Mobile Filling Platform (MFP), construction/installation of all necessary allied facilities for the purpose including loading arms / certified cryogenic hoses, piping, LNG storage, measurement equipment, container yard, parking lot for trucks at the designated port, details of certified LNG cryogenic bowsers / prime movers and installation of satellite re-gasification units at end user premises within thirty (30) days of issuance of this licence. The timeline for completion of the project must be strictly followed.

**9. Maintenance of Record and Provision of Information:**

9.1. The Licensee shall keep complete and accurate record and data regarding the construction / installation of LNG Terminal and allied facilities throughout the supply chain. The Licensee shall provide to the Authority promptly as per project timeline and milestone date and such other documents, records or information regarding the construction/installation of LNG terminal and allied facilities as the Authority may require pursuant to the Ordinance, the Rules and Regulations made thereunder.

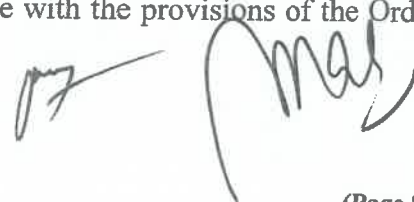
**10. Website Development:**

10.1. The licensee is required to develop a website of their company and provide all relevant information of their project on it for the general public and customers to ensure transparency. The information may include the status of development of the project, equipment details with specifications, LNG imported and its source, details of the customers, pricing etc.

10.2. The website shall be further upgraded in consultation of OGRA as per its advice.

**11. Assignment and Transfer:**

11.1. The Licensee shall not create any change on or otherwise encumber, assign or transfer the Licence or any rights or obligations thereunder without having obtained the prior written approval of the Authority in accordance with the provisions of the Ordinance and Rule 17 of the LNG Rules 2007.





**12. Technical Standards:**

12.1. The Licensee shall ensure that the location, design and installation of the LNG terminal/MFP and allied facilities including LNG cryogenic bowzers and re-gasification facilities (*complete supply chain*) comply with the best international standards and as given in the LNG Policy 2011 and must not endanger public health or safety.

**13. Environmental Standards:**

13.1. The Licensee shall strictly follow the requirements of the Pakistan Environmental Protection Act, 1997 (XXXIV of 1997) as amended from time to time.

13.2. The Licensee shall ensure that the LNG terminal and re-gasification facilities complies with the Pakistan Environmental Protection Act, with the World Bank HSE guideline and all relevant provisions stipulated in the Ordinance, LNG Policy 2011 and LNG Rules 2007 pertaining to Environmental Standards.

**14. Inspection by Authority:**

14.1. The Licensee shall permit any person duly authorized 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 the Rules.

**15. Enforcement:**

15.1. If the Authority is of the opinion that the Licensee has contravened any condition of the Licence, the Authority may take such action as prescribed in the Rules.

**16. Accounting Requirements:**

16.1. The Licensee shall maintain, keep, preserve and submit to the Authority, audited yearly accounts.

16.2. The Authority may require the Licensee to have the accounts further audited in line with the provisions of Rule 18(2) of the LNG Rules.

**17. Training, Research and Development:**

17.1. The Licensee shall allocate appropriate resources for (i) Research and development to improve operational efficiency and safety aspect of its regulated activities and (ii) Training of its employees and other parties which are involved in the process including OGRA as and when required.

17.2. The developments as a result of R&D activities and its enforcement/ applicability by the Licensee shall be shared with the Authority.



**18. Quarterly Report:**

18.1 Quarterly report along with project risk analysis is required to be submitted to the Authority, by first week of each quarter commencing from date of issuance of this licence.

**19. LNG / RLNG Pricing:**

19.1 LNG / RLNG pricing shall be dealt as per the applicable provisions of LNG Policy 2011. The following principles or conditions must be ensured.

- (a) it must not be anti-competitive;
- (b) it should be non-discriminatory;
- (c) it should be fair and transparent;
- (d) it is reflective of reasonable cost of terminal operations and expenses incurred in the complete supply chain;
- (e) it should be based on efficient and safe use of equipment throughout the supply chain.

19.2 The licensee may place tariffs and pricing structures on their website where applicable.

19.3 The Authority may call for any information or materials that it shall deem appropriate for its review.

**20. Safety and Security of LNG Terminal/MFP/allied facilities and complete supply chain:**

20.1 The Licensee shall ensure that its LNG terminal/MFP/allied facilities as well as re-gasification facilities are surrounded by safety zones, meeting the industry standards set forth in safety codes issued by the National Fire Protection Association of the USA.

20.2 The responsibility of safety and security of the complete supply chain shall be that of Licensee.

**21. NOCs, Consents and Approvals:**

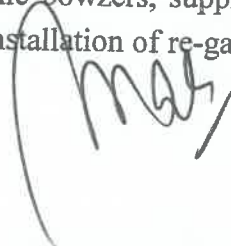
21.1. The Licensee shall be required to obtain all NOCs, consents and approvals from relevant authorities, wherever and whenever required.

**22. Inspection by the Consultant:**

22.1. An independent consultant shall be appointed by the Authority under rule 31 of LNG Rules 2007. The Consultant shall ensure that all requirements of OGRA Ordinance 2002, Rules, Regulations, Policy and Standards are complied with throughout the entire supply chain. Discrepancies in construction / installation of LNG virtual pipeline equipment throughout the supply chain including unloading of LNG from small scale LNG carriers into certified ISO cryogenic bowzers, supply of LNG to customers through certified cryogenic bowzers and installation of re-gasification and



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storage facilities at end consumer premises as pointed out by the OGRA appointed consultant, the same shall be removed by the Licensee entirely at its own risk and cost, without any obligation on the Authority. Once the discrepancies are removed and a satisfactory report is given by the consultant the permission for operation of LNG terminal and other allied facilities/ infrastructure shall be considered by the Authority.

**23. Abandonment of Regulated Activity:**

23.1. The Licensee shall not abandon the undertaking of a regulated activity without the prior written consent of the Authority.

**24. Insurance:**

24.1. The Licensee shall obtain and maintain insurance, from a well reputed insurer, to cover all liabilities that may arise from the undertaking of the regulated activity throughout the supply chain.

**25. LNG/RLNG Specification:**

25.1. LNG/RLNG specifications delivered to the customer by the Licensee shall be submitted to the Authority on quarterly basis.

**26. Sale, Pledge, Mortgage and Change Over of Assets:**

26.1. The Licensee shall not sale or pledge, mortgage or charge over, any of its assets which may render it incapable of performing any of its obligations under the licence, without prior written approval of the Authority.

**27. Modification or Expansion of the Project:**

27.1. The Licensee shall not undertake any modification or expansion of the project unless approval of the Authority has been obtained by making an application at least six (06) months prior to the realization of any such modification or expansion.

**28. Change in Ownership:**

28.1. The Licensee shall not allow any change in its ownership or controlling interest without the prior written approval of the Authority.

**29. Penalties and Cancellation of Licence:**

29.1. Failure to comply with the above conditions and timelines, OGRA Ordinance 2002 and relevant Rules made thereunder shall be subject to penalties, including cancellation of this licence.

**30. Provision of Information:**

30.1. The Licensee shall provide all such information as and when required by the Authority and the Licensee shall provide all such information to the Authority as may be required for fulfilment of the Authority's functions and powers under the Ordinance and Rules. No party shall use any information provided by the Licensee

  
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in any manner and for any purpose except as may be specified by the Licensee and the Authority.

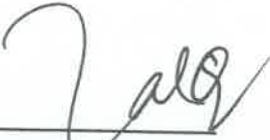
**31. Notices:**


31.1. 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 by a courier 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. In addition to the above it may also be transmitted by facsimile.

**Licensee:** Chief Executive Officer  
**LNG Easy (Private) Limited (LNGe),**  
Head office, 726, 7th Floor,  
Executive Tower, Dolmen Clifton,  
**Karachi**

**OGRA:** Registrar  
**Oil and Gas Regulatory Authority (OGRA)**  
54-B, Fazal-e-Haq Road, Blue Area,  
**Islamabad, Pakistan**

Dated: 27<sup>th</sup> of July, 2023

  
Zain Ul Abideen Qureshi  
Member (Oil)

  
Mohammad Naeem Ghouri  
Member (Finance)

  
Masroor Khan  
Chairman

  
REGISTRAR  
Oil & Gas Regulatory Authority  
Islamabad

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**Cc:**

1. Chief Secretary, Government of Punjab, Lahore.
2. Chief Secretary, Government of Sindh, Karachi.
3. Chief Secretary, Government of Khyber Pakhtunkhwa, Peshawar.
4. Chief Secretary, Government of Balochistan, Quetta.
5. Chairman, Karachi Port Trust, Karachi
6. The Secretary, Ministry of Defence
7. The Secretary, Ministry of Energy
8. DG, Pakistan Environmental Protection Agency, Islamabad
9. DG, Sindh Environmental Protection Agency (SEPA), Karachi
10. Chief Commissioner, Karachi
11. DG, Department of Explosives, Islamabad
12. DG, Directorate General of Civil Defence
13. Chairman, National Highway Authority, Islamabad
14. Inspector General, National Highway and Motorway Police, Islamabad
15. Secretary Transport, Punjab
16. Secretary Transport, Sindh
17. Secretary Transport, Khyber Pakhtunkhwa
18. Secretary Transport, Balochistan