



HOUSE OF MAGNA CUM LAUDE

Barristers & Masters at Law

To,

15/07/2024

Director General Petroleum Concession
Directorate General Petroleum Concessions
Ministry of Energy (Petroleum Division)
3rd Floor, Petroleum House,
Ataturk Avenue, G-5/2, Islamabad

Subject: **JURA ENERGY CORPORATION CEO MR. NADEEM FAROOQ'S EXORBITANT ANNUAL SALARY OF USD 400,000 AND A USD 1 MILLION INTEREST FREE LOAN**

Dear Sir,

At the outset, subsidiaries of JEC have been declared defaulters by the GoP to the tune of 1.14 billion PKR (Annex-1), confirmed to have undertaken illegal third-party gas sales by OGRA, served notices of revocation in two expired Sara and Suri Leases by the DGPC, served notice of default and forfeiture in the two Badin assets, exited from three assets, and have been served an ICC arbitral award against them.

As detailed above, JEC's engagement in illegal practices is evident. The company has defaulted on two assets, received revocation notices for two more, and exited from three additional assets. These issues are a clear indication of the severe financial strain JEC is facing.

When these actions are considered in conjunction with Jura's financial reports, annual reports, and management discussion and analysis reports over the past ten years, it becomes evident that Jura's funds are being seriously mismanaged. Especially when the management's notes continuously cast serious doubt on the ability of the company to continue as going concern for the past decade.

More importantly, during this time of severe financial stress on the corporation, the CEO, Mr. Nadeem Farooq, is taking home an annual salary of \$400,000, a figure that is exceptionally high compared to industry standards. Furthermore, as of December 31, 2023, Mr. Farooq has taken a substantial non-interest bearing loan of \$957,936 (Annex-2). This raises further questions about the financial prudence and governance practices within the corporation, especially when the company should be focusing on fulfilling its statutory obligations to the Government of Pakistan and to its JVs. Which the corporation has failed to do so, hence they have been served the notices of revocation, default and forfeiture.

This pervasive financial mismanagement highlights severe concerns about the long-term viability of Jura's operations. A thorough investigation into the CEO and directors' malpractices at JEC and its subsidiaries is crucial. In light of the same, it is strongly advocated that all pending assignment, notices, and transfers involving JEC and its subsidiaries are suspended until accountability is established.

Sincerely,


Barrister Shahrukh Iftikhar
Managing & Founding Partner
House of Magna Cum Laude



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Copy to:

Prime Minister's Office
Islamabad

Minister of Energy (Petroleum Division)
3rd Floor, A block Pak Secretariat
Islamabad

Secretary Petroleum
3rd Floor, A block Pak Secretariat
Islamabad

Additional Secretary Petroleum
3rd Floor, A block Pak Secretariat
Islamabad

Capt (R) Shahbaz Tahir Nadeem
Joint Secretary (I/JV)
3rd Floor, A block Pak Secretariat
Islamabad

Mr. Kashif Ali Abbasi
Director General Petroleum Concessions
3rd Floor, Petroleum House, Ataturk
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Mr. Abdul Rasheed Jokhio
Director General Gas
Petroleum House, Ataturk Avenue, Sector G-
5/2, Islamabad

Director General Oil
Petroleum House, Ataturk Avenue,
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Director General Liquefied Gases
Petroleum House, Ataturk Avenue,
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Gas House, 21 Kashmir Road,
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MD SSGCL
SSGC, St-4/B, Block 14, SSir Shah Suleman
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Mr. Nawaz Virk
DG Admin
Ministry of Energy, A block Pak Secretariat
Islamabad

Mr. Masroor Khan
Chairman OGRA
54-B, Fazal-e-Haq Road, Blue Area,
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Mr. Shahzad Iqbal
Senior Executive Director (Gas) – OGRA
54-B, Fazal-e-Haq Road, Blue Area,
Islamabad

Mr. Zain-ul-Abideen Qureshi
Member Gas - OGRA
54-B, Fazal-e-Haq Road, Blue Area,
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Mr. Naeem Ghouri
Member Finance – OGRA
54-B, Fazal-e-Haq Road, Blue Area,
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Dr. Abdul Basit Qureshi
Senior Registrar - OGRA
54-B, Fazal-e-Haq Road, Blue Area,
Islamabad

Mr. Ahmed Hayat Lak
Managing Director OGDCL
OGDCL House, Plot No. 3, Jinnah Avenue,
Blue Area, Islamabad

Mr. Faheem Haider
Managing Director/CEO – Mari Petroleum
21, Mauve Area, 3rd Road, G-10/4,
Islamabad

Registrar Supreme Court
Supreme Court of Islamabad,
Islamabad

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Pakistan Refinery Limited
P.O. Box 4612
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NAB HQ, Shahrah-e-Jamhuriat, G-5/1,
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Chairman SECP
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Avenue, Blue Area, Islamabad

Mr. Malik Amjed Zubair Tiwana
Chairman FBR
FBR House, Constitution Avenue, G-5/2,
Islamabad

MD ENGRO
8th Floor, The Harbour Front Building, IIC #
3, Marine Drive, Block 4, Clifton,
Karachi



SUCCESS STORY

PKR 1.13 Billion Outstanding Royalty Recovered from Two Companies on TI Pakistan Intervention

Governments across the world need resources, material, equipment, and services to execute public projects. The execution of the projects, procurement and services permits require that the entire activity be carried out in transparent, economical, and efficient manner, to result in the best value for the country, government and its citizens.

On 16th December 2022, TI Pakistan came across a complaint of official collusion with the private companies causing loss of PKR 1.13 Billion to the national exchequer. It was pointed out that to undertake petroleum exploration activities, exploration licenses were granted to M/s SPUD Energy over Guddu and Bolan blocks, and to M/s Frontier Holding Companies over Badin IV South Block. These licenses were given under the provision of Pakistan Petroleum (Exploration and Production) Rules, 1986.

On account of commercial discovery in these blocks, the President of Pakistan granted a development and production leases to the holders of license to undertake development activities and produce petroleum.

M/s Sui Southern Company (SSGCL) is the nominated buyer of the natural gas and crude oil/condensate from Bolan Block and Badin IV South Block, while M/s Engro Fertilizers is the nominated buyer of the natural gas from Guddu Block.

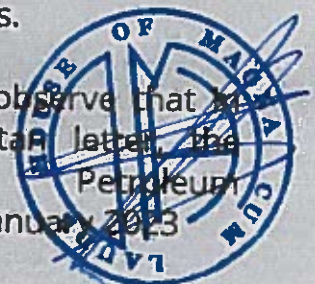
Under Rule 36 of Pakistan Petroleum (Exploration and Production) Rules, 1986, read with the Article 9.1 of the Petroleum Concession Agreement (PCA), the license holders M/s SPUD Energy and M/s Frontier Holding are under an obligation to pay royalty to the Government at a rate 12.5% of the petroleum produced and saved. Under Article 161 of the Constitution of Pakistan, the royalty on gas is collected by the Federal Government and paid to the province where the well-head of gas is situated.

It was alleged that M/s SPUD Energy was in consistent willful default of its obligation to pay the outstanding royalty of the total sum of PKR 834,821,397, while M/s Frontier Holding was alleged to be in willful default of its obligation to pay the outstanding royalty of the total sum of PKR 303,195,732, a total of approx. PKR 1.13 Billion loss to the national exchequer in Pakistan.

TI Pakistan took up the complaint and wrote to the Prime Minister of Pakistan on 16th December 2022, to look into the matter and direct the regulators to recover the outstanding amount along with the interest prior to proceeding further on the contracts with the two companies.

It was astounding to observe that pursuant to TI Pakistan letter, the Director General Petroleum Concessions on 11th January 2023

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responded to TI Pakistan and stated *"that the provincial share of royalty is directly transferred to the relevant province where well-head is located... and the federal government has nothing to say or advise in this regard"*. The

DG (PC) response was axiomatically contrary to the Constitution of Pakistan 1973, Rules of Business 1973 and Pakistan Petroleum (E&P) Rules 2001.

The Constitution of Pakistan 1973 under FOURTH SCHEDULE, places mineral oil and natural gas under the legislative of Federation. Moreover, Article 161 of the Constitution of Pakistan 1973 bestows Constitutional obligation upon the Federation to collect Royalties for onward remission of funds to the Province where the wellhead is located. The Rules of Business 1973 expressly make the Ministry of Energy as the concerned ministry of the Federal Government tasked with Oil and Gas.

On 16th January 2023, TI Pakistan wrote another letter to the Prime Minister of Pakistan that the response of DG (PC) was even contradictory to the Ministry of Energy (Petroleum Division), Directorate General of Petroleum Concessions directives issued on 17th February 2022 which have found M/s SPUD Energy to be in continuing willful default of its obligations to pay the outstanding royalty of a total sum of PKR 734, 450, 141/- and that no concrete progress has been made or initiated by the DG (PC) to recover the outstanding amount.

In response to TI Pakistan letter, on 20th January 2023, the Prime Minister of Pakistan vide its Office letter No.4(5)/Mis/DS/(EA-I)/2022/83 instructed the Secretary Petroleum Division to ensure recovery of the outstanding amount within two weeks and submit compliance report.

In compliance to the PM orders, the Ministry of Energy (Petroleum Division) vide its letter No. Accounts 1(24)/ 2014-15 Vol-1 Part, dated 27th January 2023 wrote to the MD SSGC to withhold payment to the defaulter M/s SPUD Energy and deposit outstanding royalty in the Government treasury and ensure the same within two weeks.

On 14th February 2023, Director General (PC) informed TI Pakistan that Royalty amounting to Rs. 1.025 Billion has been deducted from the sale invoices of the defaulting companies i.e., M/s. Spud Energy and M/s. Frontier Holding Company Limited through SSGCL, and the same has been deposited in the Federal Treasury.

Transparency International Pakistan's tireless efforts have resulted in saving PKR 1.13 Billion to the national exchequer.

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2nd October, 2023

TL2023/1002/1A

Director General Petroleum Concessions,
Directorate General Petroleum Concessions,
Ministry of Energy (Petroleum Division),
Islamabad.

Sub: Complaint on the Violation of Pakistan Petroleum (E&P) Rules 2001 and Natural Gas Regulatory (Licensing) Rules 2002 due to Unauthorized Third-Party Gas Sale by Konnect Gas (Private) Limited, a subsidiary of Jura Corporation

Dear Sir,

Transparency International Pakistan has received a Complaint on the Violation of Pakistan Petroleum (E&P) Rules 2001 and Natural Gas Regulatory (Licensing) Rules 2002 due to Unauthorized Third-Party Gas Sale by Konnect Gas (Private) Limited, a subsidiary of Jura Corporation (Annex-A).

The complainant has made the following allegations:

That;

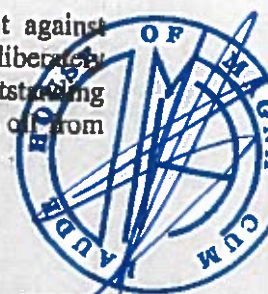
1. M/s Konnect Gas (Pvt.), a subsidiary of M/s Jura Energy Corporation, is an unlicensed entity which is providing unprocessed gas to CNG stations posing threat to the lives of citizens.
2. In 2020, M/s Jura Energy Corporation publicly announced through a press release (Annex-B) the commencement of gas sales from the Sara Suri Leases to M/s Konnect Gas under the guise of a third-party arrangement. The website of Jura Energy also reflects M/s Konnect Gas as the buyer to the Sara Suri Fields (Annex-C).
3. M/s Konnect Gas knowingly and willfully have engaged in the unlawful sale of unprocessed gas since 2020.
4. In April 2019, M/s Konnect Gas submitted its license application to OGRA which OGRA unequivocally rejected in April of 2022 due to M/s Konnect Gas's failure to meet the stipulated criteria (Annex-D).
5. However, despite OGRA's rejection of M/s Konnect Gas application for license, the company has been illegally supplying unprocessed gas to CNG stations.
6. Jura Corporation's subsidiaries, Spud Energy Pvt Ltd, Frontier Holdings Ltd have already been declared Defaulters by the Ministry of Energy – Directorate General Petroleum Concessions (DGPC).

Transparency International Pakistan Comments

Transparency International Pakistan has reviewed the allegations of the complaint, prima facie, the allegations seem correct.

Following are TI Pakistan comments:

1. On 16th December 2022, Transparency International Pakistan received another complaint against M/s SPUD Energy and M/s Frontier Holdings, subsidiaries of Jura Corporation for deliberately defaulting on their financial obligations, failing to pay approximately PKR 1.13 billion in outstanding royalties, which accounts for 12.5% of the proceeds from the sale of natural gas and crude oil from various fields.





2. On TI Pakistan letter, the Prime Minister took action and the the Ministry of Energy (Petroleum Division) successfully recovered an amount of PKR 1.13 billion from M/s SPUD and M/s Frontier and deposited in national exchequer (Annex-E)
3. On September 08, 2023, OGRA vide its letter No. OGRA-6(1)-KGL/2019 has clarified that due to constant failure by M/s Konnect Gas to submit requisite data/information for 2.5 years, the authority rejected the application of M/s Konnect Gas (Pvt.) Ltd on 15-04-2022 and that the company is not a Licenses of OGRA to undertake any regulated activities (Annex-F)

Transparency International Pakistan Recommendations

Transparency International Pakistan requests Director General Petroleum Concessions to kindly look into the allegations of the complaint, and if it is found to be correct, take action against M/s Konnect Gas (Pvt) Ltd for its illegal activities of providing unprocessed gas to CNG stations posing threat to the lives of citizens, under applicable laws and rules.

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption, and achieve Zero tolerance against corruption.

With Regards,

(Advocate Danijal Muzaffar)
Trustee/Legal Advisor
Transparency International Pakistan

Copies forwarded for the information with request to take action under their mandate to:

1. Principal Secretary to PM, PM House, Islamabad
2. Minister, Ministry of Energy, Islamabad
3. Chairman, Prime Minister Inspection Commission, PMIC, Islamabad
4. Chairman, NAB, Islamabad
5. Registrar, Supreme Court of Islamabad, Islamabad.

Note:

This is to clarify that Transparency International Pakistan is not a complainant, it acts as a whistleblower and operate under Article 19-A, of the Constitution of Pakistan which gives the right to public to know how government is being run by public officers. Article 19-A makes the right to access of information pertaining to a public authority a fundamental right, Justice Syed Mansoor Ali Shah in his landmark judgment in case of Ataulah Malik v. Federation of Pakistan includes following order.

Right to information is another corrective tool which allows public access to the working and decision making of the public authorities. It opens the working of public administration to public scrutiny. This necessitates transparent and structured exercise of discretion by the public functionaries. Article 19-A empowers the civil society of this country to seek information from public institutions and hold them answerable. PLD 2010 Lahore 605.



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26th January 2024

TL2024/0126/1A

Directorate General Petroleum Concessions,
Ministry of Energy (Petroleum Division),
Islamabad.

Sub: Complaint on the Violation of Pakistan Petroleum (E&P) Rules 2001 and Natural Gas Regulatory (Licensing) Rules 2002 due to Unauthorized Third-Party Gas Sale by Konnect Gas (Private) Limited, a subsidiary of Jura Corporation.

Dear Sir,

Transparency International Pakistan refers to its previous letters TL2023/1002/1A, dated 02 October 2023, and TL2023/1102/1A dated 02 November 2023 on complaint on the violation of Pakistan Petroleum (E&P) Rules 2001 and Natural Gas Regulatory (Licensing) Rules 2002 due to unauthorized third-party gas sale by M/s Konnect Gas (Private) Limited, a subsidiary of Jura Corporation (Annex-A).

TI Pakistan had pointed out serious allegations against violation of Pakistan Petroleum (E&P) Rules 2001 and OGRA License by M/s Konnect Gas (Pvt) Ltd for its illegal activities of providing unprocessed gas to CNG stations posing threat to the lives of citizens. On TI Pakistan's letter, the Prime Minister of Pakistan took notice of the complaint and the PM Office on 16-10-2023 directed the Petroleum Division to furnish comments regarding TIP complaint at the earliest (Annex-B).

OGRA had written a letter to M/s Spud Energy on 06/10/2023 and intimated that M/s Konnect Gas is not a licensee of OGRA to undertake any regulated activity and that M/s Spud Energy is required to furnish comments within 14 days (Annex-C).

On 5th January 2024, OGRA informed TI Pakistan via Pakistan Citizen Portal that both M/s Spud Energy Pty Ltd and M/s Konnect Gas Pvt. Ltd are not the licensee of OGRA and M/s Spud Energy operates as an upstream entity and falls under the jurisdiction of the DG PC, Ministry of Energy (Annex-D).

Transparency International Pakistan has received another complaint against M/s Jura Energy Corporation subsidiaries namely M/s SPUD Energy PVT Ltd and Konnect Gas Pvt. Ltd regarding violation of rules and regulations (Annex-E).

The complainant has made the following allegations:

1. SEPL has failed to address the grave issues of termination of production for over 90 days and the unlawful sale of unprocessed gas to its affiliate and an unlicensed entity Konnect Gas (KGPL).
2. OGRA has officially confirmed the invalid license status of KGPL and that SEPL is in breach of illegally selling the gas as an environmental hazard and facilitating its unauthorized sale to end consumers through CNG stations, executed via its affiliate, KGPL.
3. SEPL is in serious breach and is engaged in unregulated activities outside the purview of the regulatory framework, including the following.
 - a. Illegal sale of unprocessed gas
 - b. Illegal sale of unprocessed gas from expired lease
 - c. Illegal sale of unprocessed gas as an environmental hazard
 - d. Illegal sale of unprocessed gas to end consumers through CNG stations endangering lives of the people.
 - e. Non-payment of statutory Government obligations
 - f. Termination of Sale for over 90 days as per Rule 43 of the 1986 Rules
 - g. Non-compliance of operating with the principal of Good Oil Field Practices

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Transparency International Pakistan Comments:

Transparency International Pakistan has reviewed the allegations of the complaint, prima facie, the allegations seem correct and are self-explanatory.

1. OGRA had written a letter to M/s Spud Energy on 06/10/2023 and intimated that M/s Konnect Gas is not a licensee of OGRA to undertake any regulated activity and that M/s Spud Energy is required to furnish comments within 14 days (Annex-F).
2. OGRA's response to TI Pakistan vide Pakistan citizen portal dated 5th January (Annex-G) clarifies that SEPL is a subsidiary of Jura Energy and KGL is an affiliate of Jura Energy, thus establishing a connection between SEPL and KGL as related parties.
3. As per OGRA, as an upstream entity, M/s SPUD Energy is regulated by applicable rules of Ministry of Energy (Petroleum Division)

Transparency International Pakistan Recommendations

Transparency International Pakistan requests Director General Petroleum Concessions (PC) to kindly look into the allegations of the complaint, and if it is found to be correct, take action against M/s SEPL for the alleged malpractices of providing unprocessed gas to CNG stations posing threat to the lives of citizens, under applicable laws and rules.

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption, and achieve Zero tolerance against corruption.

With Regards,

(Advocate Daniyal Muzaffar)
Trustee/Legal Advisor
Transparency International Pakistan

Copies forwarded for the information with request to take action under their mandate to:

1. Principal Secretary to PM, PM House, Islamabad
2. Minister, Ministry of Energy, Islamabad
3. Chairman, OGRA, Islamabad
4. Chairman, Prime Minister Inspection Commission, PMIC, Islamabad
5. Registrar, Supreme Court of Islamabad, Islamabad.

Note:

This is to clarify that Transparency International Pakistan is not a complainant, it acts as a whistleblower and operate under Article 19-A, of the Constitution of Pakistan which gives the right to public to know how government is being run by public officers. Article 19-A makes the right to access of information pertaining to a public authority a fundamental right, and a three member bench in case of Mukhtar Ahmad Ali vs the Registrar, Supreme Court of Pakistan, Islamabad, headed by Chief Justice Qazi Faez Isa in the landmark judgment on 16 October 2023, in CP No. 3532/2023, has declared that

“What previously may have been on a need-to-know basis Article 19A of the Constitution has transformed it to a right-to-know, and the Access to information is no longer a discretion granted through occasional benevolence, but is now a fundamental right available with every Pakistani which right may be invoked under Article 19A of the Constitution”

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STATEMENT OF EXECUTIVE COMPENSATION

Director and Named Executive Officer Compensation

The following table sets forth the compensation of the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO", collectively with the CEO, the "Named Executive Officers" or "NEOs") and each director of the Corporation for the financial years ended December 31, 2022 and December 31, 2023. There were no other executive officers of the Corporation during the financial year ended December 31, 2023.

Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Nadeem Farooq ⁽¹⁾⁽²⁾ CEO and Director	2023	356,268	Nil	Nil	73,913	24,468 ₹	454,649
	2022	343,543	Nil	Nil	58,117	23,595 ₹	425,255

As summarized in the table below, Mr. Farooq, the President and CEO and a director of the Corporation, is indebted to the Corporation's subsidiary, Spud:

Name and Principal Position	Involvement of Corporation or subsidiary	Largest Amount Outstanding During the Year Ending December 31, 2023 (\$)	Amount Outstanding as at May 23, 2024 (\$)	Financially Assisted Securities Purchases During the Year Ending December 31, 2023 (\$)	Security For Indebtedness	Amount Forgiven During the Year Ending December 31, 2023
Nadeem Farooq President and CEO, Director	Lender	\$957,936 ⁽¹⁾	\$796,504	n/a	n/a	n/a

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