



HOUSE OF MAGNA CUM LAUDE

Barristers & Masters at Law

Transparency International,
4-C, Mezzanine Floor, Khayaban-e-Ittehad,
Phase 7, DHA, Karachi

15/07/2024

Subject: **COMPLAINT REGARDING UNAUTHORIZED THIRD-PARTY GAS SALE BY KONNECT GAS (PRIVATE) LIMITED, A SUBSIDIARY OF JURA CORPORATION - SPUD ENERGY PVT LTD, FRONTIER HOLDINGS LTD AND KONNECT GAS PVT LTD**

Dear Sir,

I am writing in continuation regarding the serious violations of regulatory frameworks and unlawful activities conducted by Spud Energy Pty Ltd (SEPL) and Konnect Gas Pvt Ltd (KGPL) in reference to your letters TL2023/1002/1A dated 02/10/2023 and TL2024/0126/1A dated 26/01/2024.

As outlined in our previous submissions, SEPL has been engaged in the illegal sale of unprocessed and hazardous gas from the Sara and Suri Gas Fields to its affiliated and unlicensed entity, KGPL. Subsequently, KGL has been involved in the off-taking, transporting, compressing, and selling of this gas to CNG stations, thereby posing a significant threat to public safety and the environment. Whereof, OGRA and DGPC have both inquired against their misconduct.

In this regard, the DGPC has issued three letters of revocation to SEPL in the Sara Suri Leases for their involvement in the illegal third party sale with their unlicensed affiliate KGPL on the following basis (Annex 1-3):

- Illegal sale of unprocessed gas from expired lease
- Illegal sale of unprocessed gas as an environmental hazard
- Illegal sale of unprocessed gas to end consumers through CNG stations endangering public safety
- Non-payment of statutory Government obligations
- Termination of Sale for over 90 days as per Rule 43 of the 1986 Rules
- Non-compliance of operating with the principal of Good Oil Field Practices

Additionally, OGRA has written a letter to the DGPC confirming the self-admissions of SEPL and KGPL for having undertaken the third party sale without having a license. Additionally, OGRA has declared the third-party sale as illegal and has referred to the office of DPGC to take the necessary actions as per law against SEPL and KGPL for engaging in such illegal activities, keeping in view the blatant disregard of public safety and property (Annex-4).

Given the circumstances, it is imperative to take immediate action against SEPL and KGPL for their illicit practices. Drawing on your previous success in recovering PKR 1.13 billion in defaults and your recent reports on the subject matter submitted to the DGPC, we request your intervention in the current matter once again as the companies are still carrying out their illegal activities at large. It is as a result of your efforts that previously the 1.13 Billion PKR recovery was possible and now as a direct result of your efforts - the GOP has issued them 3 revocation letters as well as a letter of confirmation of illegal activities and gas theft by OGRA.

Your attention is once again required so that the perpetrators can be held accountable for their actions.

Sincerely,

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



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Annex-1.

No. 8(4) Spud. Suri Filed/2023-pt
Government of Pakistan
Ministry of Energy (Petroleum Division)
Directorate General Petroleum Concessions
3rd Floor, Petroleum House, Sector G-5/2, Islamabad

13th October, 2023

Chief Executive Officer,
Spud Energy Pty Limited
3rd Floor, 22 East, Saeed Plaza,
Jinnah Avenue, Blue Area,
Islamabad.

Subject:- NOTICE UNDER RULE 68 OF PETROLEUM (EXPLORATION AND PRODUCTION) RULES 1986 (THE RULES, 1986) FOR ILLEGAL SALE OF NATURAL GAS BY M/S SPUD ENERGY PTY. LTD. FROM THE SARA & SURI D&PLS TO THE UNLICENSED ENTITY M/S KONNECT GAS PVT. LTD.

Whereas, M/s Spud Energy (SEPL) is sixty percent (60%) Working Interest Owner and Operator in the Sara & Suri Development and Production Leases.

Whereas, House of Magna Cum Laude (HoMCL) wrote a letter to OGRA on 18/08/2023 inquiring about the OGRA license of M/s Konnect Gas Private Limited (KGPL) to undertake the regulated activity of gas sale.

Whereas, OGRA vide its letter No. OGRA-6(1)-KGL/2019 dated 08/09/2023 responded to HoMCL intimating that M/s KGPL failed to secure a license under the NGRA Rules, 2000 and stated that M/s KGPL is not a licensee of OGRA to undertake the regulated activities.

Whereas, HoMCL filed a complaint against M/s SEPL and M/s KGPL on 12/09/2023 with the office of DGPC, requesting to inquire into the matter of the illegal sale of natural gas by M/s Spud Energy to M/s KGPL.

Whereas, HoMCL submitted further grievances in continuation of its complaint vide its letter dated 21/09/2023 to the office of DGPC. Wherein, it was intimated that M/s Konnect Gas is not a licensee of OGRA, that M/s Spud Energy has been illegally selling unprocessed gas to M/s Konnect Gas since the year 2020, and that M/s Konnect Gas is further selling the unprocessed gas to CNG stations/ end-consumers, posing direct threat to the lives of the people.

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Whereas, HoMCL in its letter dated 26/09/2023 to OGRA intimated that the unprocessed gas is being sold by M/s Konnect Gas to CNG stations in Sukkur, Sindh and that among the various CNG stations, one station to which M/s Konnect Gas has been illegally selling natural gas is the 'Ansari CNG' Station.


Whereas, Transparency International filed a complaint against M/s Spud Energy and M/s Konnect Gas on illegal sale of natural gas on 2/10/2023 to the office of DGPC. Wherein, it was intimated that M/s Spud Energy has been illegally selling unprocessed gas to M/s Konnect Gas, and that M/s Konnect Gas is selling the unprocessed gas to CNG stations/ end-consumers, posing direct threat to the lives of the citizens.

Whereas, OGRA wrote letter No. OGRA-9(518)/2019 dated 6/10/2023 to M/s Spud Energy intimating 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 their comments within fourteen (14) days.

Whereas company is required to operate in accordance with the Good Oil Industry Practices and obtain all the necessary Licenses / NOCs from relevant authorities.

Now, therefore, in accordance with Rule-68(a) of the Rules, 1986, M/s Spud Energy is hereby served a Notice, to explain within thirty (60) days from the issuance of this notice to remedy the breach, or where the breach is not capable of being remedied, offer reasonable compensation within 60 days. If spud energy fails to satisfy the Authority within 60 days, the office of DGPC will initiate action against the company in accordance with applicable PCA/Rules.

It may please be noted that this notice does not prejudice any other action against the company under any provision of the Rules, 1986.


(Nawaz Sharif)
Expert (Production)
13-10-2023

CC:

- Chairman OGRA, Oil and Gas Regulatory Authority
- Managing Director, OGDCL, Islamabad
- PS to AS(P), Petroleum Division
- APS to DG (PC), Petroleum Division
- APS to DG(Gas), Petroleum Division

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Annex-2.

No. 8(4) Spud. Suri Filed/2023-pt
Government of Pakistan
Ministry of Energy (Petroleum Division)
Directorate General Petroleum Concessions
3rd Floor, Petroleum House, Sector G-5/2, Islamabad

Islamabad the 26th October, 2023

Chief Executive Officer,
Spud Energy Pty Limited
3rd Floor, 22 East, Saeed Plaza,
Jinnah Avenue, Blue Area,
Islamabad.

Subject:- NOTICE UNDER RULE 68 OF PETROLEUM (EXPLORATION AND PRODUCTION) RULES 1986 (THE RULES, 1986) FOR ILLEGAL SALE OF NATURAL GAS BY M/S SPUD ENERGY PTY. LTD. FROM THE SARA & SURI D&PLS TO THE UNLICENSED ENTITY M/S KONNECT GAS PVT. LTD.

Dear Sir,

I am directed to refer to your letter No. Nil dated October 20, 2023 on the subject cited above and to say that, the notice has been duly served to you in response to the formal complaints submitted by House of Magna Cum Laude (HoMCL) on September 12, 2023, Transparency International Pakistan (TI) on October 2, 2023, and confirmation of M/s Konnect Gas Pvt Ltd (KGPL) as an unlicensed entity by OGRA vide its letters dated September 8 and October 6, 2023.

Whereas, the aforementioned complaints submitted by HoMCL and TI allege that M/s KGPL, a subsidiary of Jura Energy Corporation, and an affiliate of M/s Spud Energy Pty Ltd (SEPL), does not have a valid license to undertake any regulated activity and that M/s SEPL has been illegally selling gas to M/s KGPL, an unlicensed entity.

Whereas, OGRA vide letter No. OGRA-6(1)-KGL/2019 dated September 8, 2023 has confirmed that "Konnect Gas (Pvt.) Ltd is not a Licensee of OGRA to undertake any regulated activities."

Whereas, OGRA duly sent a copy of its letter No. OGRA-9(518)/2019 dated October 6, 2023, to the office of DGPC. Wherein, it was intimated to the Managing Director of M/s SEPL that "It is however, important to note that sale of natural gas/flare



gas requires a license from the Oil and Gas Regulatory Authority (OGRA), as mandated by the OGRA Ordinance, 2002 and the Flare Gas Utilization Guidelines 2016. In this context, it is also apprised that Konnect Gas Pvt Ltd earlier submitted an application to OGRA for the grant of license for Sale of Flare Gas in April 2019 however, the said application was rejected in April 2022, due to constant failure on part of the applicant for submission of requisite information / data under NGRA (Licensing) Rules, 2002. Therefore, M/s Konnect Gas Pvt Ltd is not a licensee of OGRA to undertake any regulated activity."

Whereas, OGRA vide letter No. OGRA-9(518)/2019 dated October 6, 2023, has requested the Managing Director of M/s SEPL to provide their comments on the matter of third-party sale to an unlicensed entity within fourteen (14) days of the issuance of the said letter.

Whereas, it is affirmed that M/s SEPL has engaged in third-party sales to its affiliate and an unlicensed entity, M/s KGPL, and that OGRA in its letters dated September 8 and October 6, 2023, has officially confirmed that M/s KGPL has never been granted a licence to undertake any regulated activities.

Whereas, the aforementioned complaints submitted by HoMCL and TI further assert the following allegations against M/s SEPL and M/s KGPL:

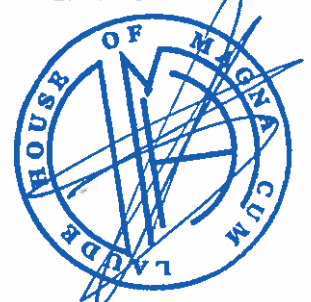
- i. Illegal sale of unprocessed gas
- ii. Illegal sale of unprocessed gas from expired leases
- iii. Illegal sale of unprocessed gas as an environmental hazard
- iv. Illegal sale of unprocessed gas to end consumers through CNG stations endangering lives of the people

Whereas, M/s SEPL has not discharged Royalty, Area Rental, Training Fund & Social Welfare Obligations. Moreover company is not submitting production reports on regular basis.

Whereas, M/s SEPL is required to carry out all operations in accordance with good oil field practices and good oil industry practices and to obtain all necessary Licenses / NOCs from relevant authorities, to have minimal impact on the environment, and to have due regard for safety and other factors.

Whereas, M/s SEPL is in serious breach of all of the above.

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Whereas, it is incumbent upon M/s SEPL to address its own irregularities and refrain from offering advisory comments to the Authority and the non-compliance and deficiencies exhibited by one company does not, under any circumstances, validate or exonerate the actions of another, nor does it absolve the responsibility of M/s SEPL to the violations.

Whereas, the comments submitted by M/s SEPL vide its letter dated October 20, 2023, in response to the notice issued pursuant to Rule-68(a) of the Rules, 1986, do not adequately redress the concerns of the Authority and are deemed as unsatisfactory.

Now, therefore, in accordance with the notice served pursuant to Rule-68(a) of the Rules, 1986, to M/s SEPL, the company is once again instructed to remedy the breach. If M/s SEPL fails to satisfy the Authority, the office of DGPC will initiate action against the company in accordance with applicable PCA/Rules.

Yours truly,



(Nawaz Sharif)

Expert (Production)

For Director General Petroleum Concessions

CC:

- Chairman OGRA, Oil and Gas Regulatory Authority
- Managing Director, OGDCL, Islamabad
- PS to AS(P), Petroleum Division
- APS to DG (PC), Petroleum Division
- APS to DG(Gas), Petroleum Division

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Annex - 3

No. 8(4) Spud. Suri Filed/2023-pt
Government of Pakistan
Ministry of Energy (Petroleum Division)
Directorate General Petroleum Concessions
3rd Floor, Petroleum House, Sector G-5/2, Islamabad

Islamabad, the 29th November, 2023

Chief Executive Officer,
Spud Energy Pty Limited
3rd Floor, 22 East, Saeed Plaza,
Jinnah Avenue, Blue Area,
Islamabad.

Subject:- NOTICE UNDER RULE 68 OF PETROLEUM (EXPLORATION AND PRODUCTION) RULES 1986 (THE RULES, 1986) FOR ILLEGAL SALE OF NATURAL GAS BY M/S SPUD ENERGY PTY. LTD. FROM THE SARA & SURI D&PLS TO THE UNLICENSED ENTITY M/s KONNECT GAS PVT. LTD

Dear Sir,

I am directed to refer to your letter No. Nil dated November 21, 2023 on the subject cited above and to say that, the comments submitted by M/s SEPL vide its letter dated November 21, 2023, in response to the notice issued pursuant to Rule-68(a) of the Rules, 1986, do not adequately redress the concerns of the Authority regarding gas sale to unlicensed entity and therefore deemed as unsatisfactory.

Whereas, M/s SEPL has not discharged Royalty, Area Rental, Training Fund & Social Welfare Obligations. M/s SEPL vide its letter dated 21st November, 2023, failed to provide any ostensive information or date in relation to discharging any amount of Royalty, and Area Rental, as well as any outstanding amount of Social Welfare obligation.

Whereas, according to aforesaid letter, it has been mentioned that production from Sar Suri leases has been suspended nearly four months ago. In accordance with the Rule 43 of the E&P Rules 1986, lease may be revoked if production seized for more than ninety days.

M/s SEPL is avoiding to address the fulfillment of statutory obligation mentioned above, whereas company is obligated to pay all the GoP obligations. Moreover, M/s SEPL is required to carry out all operations in accordance with good oil industry practices and

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to obtain all necessary Licenses / NOCs from relevant authorities, to have minimal impact on the environment, and to have due regard for safety and other factors. M/s SEPL is not addressing and operating in accordance with the principles of sound operation.

Now, therefore, in accordance with the notice served pursuant to Rule-68(a) and Rule 43 of the Rules, 1986, why the lease may not be revoked. Moreover, company is once again instructed to immediately remedy the breach, pay all outstanding GoP statutory obligations without any further delay. If M/s SEPL fails to remedy the breach within stipulated time, further action will be initiated against the company in accordance with applicable PCA/Rules.



(Nawaz Sharif)
Expert (Production)
29-11-2023

CC:

- Chairman OGRA, Oil and Gas Regulatory Authority
- Managing Director, OGDCL, Islamabad
- PS to AS(P), Petroleum Division
- APS to DG(PC), Petroleum Division
- APR to DG(Gas), Petroleum Division

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Annex-4.

آئل اینڈ گیس
ریگولیشن اتھارٹی



Oil & Gas
Regulatory Authority

OGRA-9(518)/2024
12th February 2024

Director General (Petroleum Concessions),
Government of Pakistan
Ministry of Energy (Petroleum Division)
Petroleum House, Atta Turk Avenue
G-5/2, Islamabad.

Subject: **COMPLAINT REGARDING UNAUTHORIZED THIRD-PARTY GAS SALE
BY SPUD ENERGY PTY LIMITED, FRONTIER HOLDINGS LTD.**

Dear Sir,

This is with reference to letters dated 26-09-2023, 17-10-2023 and 19-10-2023 (copies enclosed), received from House of Magna Cum Laude (HoMCL) Barristers & Master at Law on the above noted subject.

2. In this regard, it is apprised that OGRA vide letters dated 06-10-2023 and 27-10-2023 advised M/s Spud Energy Pty Ltd and Konnect Gas Pvt Ltd respectively, to furnish their comments in the matter. The replies of M/s Spud Energy dated 11-10-2023 (Annex-A) and M/s Konnect Gas dated 08-11-2023 (Annex-B) are enclosed herewith. The self-explanatory letters of both M/s Spud Energy and M/s Konnect Gas reflect self-admission on their part with regards to sale and off-take of gas from the Sara-Suri fields. However, the companies have further mentioned that the sale and off-take of gas from the Sara and Suri fields has ceased due to depletion of fields.

3. It is pertinent to highlight that M/s Konnect Gas Pvt Ltd is not a licensee of OGRA to undertake any regulated activities. Since, M/s Spud Energy is an upstream entity and regulated by MoE (PD) under the relevant rules, therefore the matter is hereby referred to your esteemed office to initiate necessary action as per law against the entities engaged in illegal sale of flare gas, keeping in view the public safety and property.

15 JUL 2024



Sincerely,

(Shahzad Iqbal)

Senior Executive Director (Gas)

C.C: Managing and Founding Partner, House of Magna Cum Laude
House No.12, Main Ataturk Avenue, F-6/3 Islamabad

October 11, 2023 ✓

Mr. Zain-ul-Abideen Qureshi
Member Oil
Oil and Gas Regulatory Authority
54-B, Fazalul Haq Road, Blue Area
Islamabad

SPUD ENERGY PTY LIMITED
AN 28 073 847 613

Level 8, 1 O'Connell St
Sydney NSW 2000
Australia

Plot 56-G, 4th Floor
Beverly Center, Jinnah Avenue
Blue Area, Islamabad - Pakistan
Tel: (+92-51) 227 0702-5
Fax: (+92-51) 227 0701

Complaint Regarding Unauthorized Third-Party Gas Sale by Konnect Gas Pvt Ltd

Dear Sir,


We write with reference to your letter OGRA-9(518)/2019 dated October 6, 2023 vis-à-vis an anonymous compliant filed by a law firm re alleged unauthorized third-party gas sale by Konnect Gas (Pvt) Limited ("KGL").

At the outset we would like to clarify that compliant is totally false and frivolous, since Spud Energy Pty Limited ("SEPL") as operator of Sara Suri Gas Fields ("Sara-Suri") has duly observed with all regulatory compliance for third party gas sale to KGL, accordingly the question of unauthorized third party gas sale by SEPL does not arise. We may add that currently we are not selling any gas volumes from the Sara-Suri due to the complete depletion of reserves, watering out of wells and the cessation of well operations. Also, we are contemplating to surrender Sara-Suri in accordance with the applicable exploration and production rules.

We understand that the above referred anonymous compliant is part of a smear campaign orchestrated against us, by a private Exploration and Production Company ("E&P company"). This E&P company has been exposed by Frontier Holdings Limited (an affiliate of SEPL) for its irrefutable involvement in the unauthorized sale of gas from the Badin South field to a third-party, its affiliate. The operator of gas fields in Badin South commenced third party gas sale without obtaining requisite regulatory approvals from Ministry of Energy (Petroleum Division), Pakistan ("MOEP"). Furthermore, the affiliate company involved in gas offtake from Badin South does not have a valid license from OGRA for such operations. It is pertinent to note that the illegal third party gas sale from Badin South commenced in January 2022 and is still continuing. Please see enclosed copies of letters sent to MOEP (with copy to Oil and Gas Regulatory Authority) re illegal gas sale from Badin South as Annexure - A for ease of your reference.

Should you have any questions or need further information/clarifications, please advise.

Yours Sincerely,



Muhammad Nadeem Farooq
Chief Executive Officer

Encl: as above

15 JUL 2024



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Konnect Gas

November 8, 2023

Mr. Zain-ul-Abideen Qureshi
Member Oil
Oil and Gas Regulatory Authority
54-B, Fazal ul Haq Road, Blue Area
Islamabad

Attention: Mr. Muhammad Asif, Joint Executive Director (Gas)

Complaint Regarding Unauthorized Third-Party Gas Sale by Konnect Gas Pvt Ltd, a Subsidiary of Jura Corporation

Dear Sir,

We write with reference to your letter No. OGRA-9(518)/2019 dated October 27, 2023, wherein you conveyed a complaint lodged by Managing and Founding Partner of House of Magna Cum Laude Barristers & Master at Law regarding alleged unauthorized third-party gas off-take by Konnect Gas (Pvt) Limited ("KGL") from Sara and Suri Development and Production Leases ("Sara-Suri").

In this respect, we would like to bring to your attention that KGL ceased all gas off-take operations from Sara-Suri fields as of July 22, 2023 owing to depletion of reserves from Sara and Suri fields. We further confirm that KGL will always remain committed to adhere to compliance with prevailing industry regulations and guidelines.

Further, we would like to clarify that KGL is not a subsidiary of Jura Energy Corporation ("JEC"). It is important to note that while there were discussions at one point with the Sponsors of Spud Energy Pty Limited, a subsidiary of Jura Energy Corporation ("JEC"), regarding the potential purchase of KGL by JEC's sponsors, such an arrangement was never finalized.

We assure you that KGL places the utmost importance on adherence to all legal and safety requirements, as they are fundamental to ensuring the safety and well-being of the public.

Yours Sincerely,


Faisal Hameed
Project Manager

CC: DG (PC), MoE (PD)

15 JUL 2024



House #77, Street # 45, F-10/4, Islamabad, Ph # 051-2110591, 051-8356316

Handwritten notes on the left margin: "Office" and "12/11".