



HOUSE OF MAGNA CUM LAUDE

Barristers & Masters at Law

29/02/2024

To,

Mr. Momin Agha
Secretary
Ministry of Energy
3rd Floor, A-block Pak Secretariat
Islamabad

Subject: **BREACH OF TRUST, CHEQUE FRAUD, WILLFUL DEFAULT, AND ILLEGAL GAS SALE BY SUBSIDIARIES OF JURA ENERGY CORPORATION: M/S SPUD ENERGY PTY LTD, M/S FRONITER HOLDINGS LTD, AND M/S KONNECT GAS PVT LTD.**

Dear Sir,

With reference to the subject matter and previous complaints regarding illegal gas sale by M/s Spud Energy Pty Ltd (SEPL) to its unlicensed affiliate i.e., Konnect Gas Pvt Ltd (KGPL), we would like to bring to your knowledge a further case of violation and grave malpractices carried out by M/s SEPL and M/s Frontier Holdings Ltd (FHL). In light of the same, the following is submitted.

Background:

M/s FHL and M/s SEPL, subsidiaries of Jura Energy Corporation, have been in continuing willful default of their royalty obligations in various E&P Blocks, including default in Zarghun South Block as of May 2015, default in Gudu Block as of April 2016, and default in Bolan Block as of May 2016.

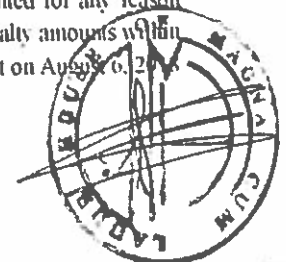
Accordingly, the DGPC issued recovery notices dated January 17, 2018 to the Managing Directors of SSGCL, Pak Refinery Ltd, and Engro Fertilizer Ltd. Wherein, M/s SEPL was found to be receiving payments from Oil and Gas Buyers without paying royalty to the Government and was declared defaulters by the Government. In addition, the Oil and Gas Buyers were directed to withhold entire payments of M/s SEPL and were instructed to deposit the same with the Government. The notice is attached herewith as Annex-1.

In response, M/s SEPL provided an undertaking to the Government dated February 1, 2018, undersigned by the Chief Executive Office Mr. Nadeem Farooq, who currently draws a salary of around USD 400,000. In this undertaking, the CEO on behalf of M/s SEPL unconditionally and irrevocably undertook and confirmed that the outstanding royalty would be discharged by or before April 30, 2018. In addition, three post-dated cheques along with treasury challans were submitted, for the Government to deposit on and as per the dates mentioned on the respective cheques, as under:

Bank	Cheque No.	Date	Amount (PKR)
alBaraka ISD	19359149	28.04.2018	100,238,089/-
alBaraka ISD	19359148	28.03.2018	100,238,089/-
alBaraka ISD	19359147	28.02.2018	100,238,089/-

M/s SEPL further undertook to ensure that the cheques would not be dishonored when presented for any reason whatsoever (see Annex-2). Nonetheless, the company miserably failed to pay the outstanding royalty amounts within the agreed time period and the Government finally decided to deposit the cheques for encashment on August 6, 2018.

Page 1 of 3



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(see Annex-3). However, despite of the relaxations provided by the Government, M/s SEPL was unable to fulfill its unconditional and irrevocable commitment of honoring its cheques. All three cheques were dishonored/bounced and returned along with the cheque return memos, underscoring a serious breach of trust and statutory obligations (see Annex-4). It is imperative to note that such a breach, constituting cheque dishonor/bounce, amounts to cheque fraud and requires immediate attention and further action.

Following the breach of trust, swift and decisive action was taken to immediately enforce accountability. An intervention by the office of the Prime Minister, Transparency International, DGPC and NAB, resulted in the MOE recovering the PKR 1.13 billion default, by instructing the Oil and Gas Buyers to deduct the amounts at source (see Annex-5). Transparency International Success Story is attached hereto under Annex-6 and NAB's letter of inquiry under Annex-7.

It is pertinent to highlight that beyond the willful default, cheque fraud and serious breach of trust, M/s SEPL is once again found to be in serious breach of the rules and regulations. In recent revelation, it has come to light that M/s SEPL is involved in the illegal sale of unprocessed gas from the Sara Suri Leases to its unlicensed affiliate M/s KGPL. OGRA, in its latest correspondence dated February 12, 2024, has taken stringent notice of the illegal gas sale and reaffirmed the status of M/s KGPL being a non-licensee, explicitly prohibited from undertaking any regulated activities. Furthermore, given the illegal transaction between M/s SEPL and M/s KGPL, OGRA has advised the upstream regulator, DGPC, to take all necessary action against both perpetrators for flagrant violations of rules and regulations (refer to Annex-8).

The misconduct committed by subsidiaries of Jura Energy have garnered significant attention, as highlighted earlier. In an official letter dated January 18, 2023, addressed to the Prime Minister's Office, the DGPC unequivocally stated (also refer to Annex-9):

"Furthermore, the DGPC has deferred the assignment of working interest cases in various concessions of M/s Spud and FHL, till the recovery of outstanding payments."

However, we believe that the illicit actions perpetrated by Jura Energy's subsidiaries warrant more robust and decisive measures. In conclusion, the willful default, coupled with the grave crime of cheque fraud, aggravates a significant breach of trust with the Government. Additionally, the illegal gas sale further compounds the malpractices on part of the perpetrators. In light of these transgressions, we strongly advocate for the immediate blacklisting of the companies, their affiliates and their directors, and to ban the parties from undertaking any new incorporations in the future. As to ensure that no such recurrence takes place.

Sincerely,


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

Copy to:

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

Mr. Moinin Agha
Secretary
3rd Floor, A block Pak Secretariat
Islamabad

Mr. Masroor Khan
Chairman OGRA
54-B, Fazal-e-Haq Road, Blue Area,
Islamabad

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

Mr. Imran Abbasy
MD PPL
37-B Service Rd W, G 6/1
Islamabad

Mr. Masood Nabi
MD GHPL
Petroleum House G-5/2
Islamabad,

Mr. Hassan Yousafzai
Additional Secretary Petroleum
3rd Floor, A block Pak Secretariat
Islamabad

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

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

Mr. Abdul Rasheed Jokhio
Director General Gas
Petroleum House, Ataturk Avenue,
Sector G-5 2, Islamabad

Director General Oil
Petroleum House, Ataturk Avenue,
Sector G-5 2
Islamabad

Director General Liquefied Gases
Petroleum House, Ataturk Avenue,
Sector G-5/2
Islamabad

Mr. Nawaz Virk
DG Admin
Ministry of Energy, A block Pak Secretariat
Islamabad

Mr. Zain-ul-Abideen Qureshi
Member Gas - OGRA
54-B, Fazal-e-Haq Road, Blue Area,
Islamabad

Mr. Naeem Ghouri
Member Finance - OGRA
54-B, Fazal-e-Haq Road, Blue Area,
Islamabad

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

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

MD Al-Haj
Plot#145, Ittehad Plaza IT&T Center,
Street 29, G-9,
Islamabad

Mr. Shahzad Zaheer
MD PEL
20, Main Margalla Rd, F-8/3
Islamabad

Mr. Akeel Karim Dhedi
Suite-602, Continental Trade Centre,
Block 8 Clifton, Karachi - 75600

Chairman NAB
NAB HQ, Shahrah-e-Jamhuriat, G-5/1,
Islamabad

Mr. Akif Saeed
Chairman SECP
SECP Head office, NIC Building, 63
Jinnah Avenue, Blue Area, Islamabad

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



Annex 1

MOST IMMEDIATE
THROUGH FAX

No. Accounts 1(24)/2014-15-Monitoring
Government of Pakistan
Ministry of Energy (Petroleum Division)
Directorate General of Petroleum Concessions

Islamabad, the January 17, 2018

The Managing Director
Sui Southern Gas Company Limited
St-4/B, Block 14, Sir Shah Suleman
Road Gulshan-e-Iqbal,
Karachi.

The Managing Director
Pakistan Refinery Limited
Korangi Creek Road
Karachi

Subject: **WITHHOLDING PAYMENT AGAINST SHARE OF M/S SPUD ENERGY**
Pty Ltd FROM INVOICES FOR SALE OF THE NATURAL GAS AND
CRUDE OIL/CONDENSATE FROM ZARGHUN SOUTH FIELD (BOLAN
BLOCK)

Dear Sirs,

Effective from November 30, 1994, the President granted an exploration licence over Bolan Block under and in accordance the provisions of the Pakistan Petroleum (Exploration and Production) Rules, 1986 ("1986 Rules") to undertake petroleum exploration activities within the licence area. Simultaneously with the grant of licence, the President and the holders of petroleum right executed the Bolan Petroleum Concession Agreement (PCA) to give effect to the incentives and packages of the Pakistan Petroleum (Exploration & Production) Policy, 1994.

2. On account of commercial discovery in the block, the President granted a development and production lease to the holders of licence to undertake development activities and produce petroleum from the Zarghun South field. The current working interest owners are (a) M/s. GHPL; (b) M/s. Premier Oil Pakistan Ltd; (c) M/s. Spud Energy; and (d) M/s Mari Petroleum.

3. Under Article-X of the PCA, the President nominated Sui Southern Company Limited (SSGCL) and (PRL) as the nominated buyers on behalf of the President of the natural gas and crude oil/condensate produced from the Zarghun South Field.

4. Under Rule 36 of the 1986 Rules read with Article 9.1 of the PCA, the Working Interest Owners are under an obligation to pay royalty to the Government at a rate of 12.5% of the Petroleum produced and saved. Furthermore, the royalty on gas is collected by the Federal Government and paid to the province where the wellhead of gas is situated under Article 161 of the Constitution.



5. M/s. Spud Energy Pty Ltd has been found to be in continuing willful default of its obligation to pay the outstanding royalty on Oil Rs 1,859,833/- and on Gas Rs 240,316,978/- up to October 2017.


6. It may be clarified that royalty is an interest in an oil and gas lease that gives the Government the right to receive 12.5% of the production from the leased acreage and it is the first charge of the Government on the oil and gas produced and saved, therefore, the Company has been selling the oil and gas and receiving the payment of 100% oil and gas without paying royalty to the Government in steer violation of the 1986 Rules and PCA.

7. The Competent Authority has decided to recover the outstanding royalty amount by directing the nominated buyers to withhold the entire payment to the defaulter i.e. M/s Spud Energy Pty Ltd of its share in the oil and gas produced from the lease till satisfaction of entire claim and also to deduct at source the royalty amount at the rate of 12.5% from the share of Spud Energy in future invoices.

8. You are directed to deposit forthwith the amount withheld as above in the following treasury accounts:

For Crude Oil/Condensate	C-03905
For Natural Gas	C-03906

9. This issues with the approval of the Competent Authority.

Yours Truly,


(Qazi Mohammad Saleem Siddiqui)
Director General (Petroleum Concessions)

Copy to:

- (i) SPS to Secretary, Petroleum Division, Government of Pakistan, Islamabad
- (ii) DG(GAS)
- (iii) DG(OIL)
- (iv) MD(MPCL).



MOST IMMEDIATE
THROUGH FAX

No. Accounts 1(24)/2014-15-Monitoring
Government of Pakistan
Ministry of Energy (Petroleum Division)
Directorate General of Petroleum Concessions

Islamabad, the January 17, 2018

The President
Engro Fertilizers Limited
7th & 8th Floor, Harbor Front Building
Marine Drive, Block-4, Clifton
Karachi, Pakistan
021-35810669

Subject: **WITHHOLDING PAYMENT AGAINST SHARE OF SPUD ENERGY PTY LIMITED FROM INVOICES FOR SALE OF THE NATURAL GAS FROM RETI MARO FIELD (GUDDU BLOCK)**

Dear Sirs,

Effective from May 31, 1999, the President granted an exploration licence over Guddu Block under and in accordance the provisions of the Pakistan Petroleum (Exploration and Production) Rules, 1986 ("1986 Rules") to undertake petroleum exploration activities within the licence area. Simultaneously with the grant of licence, the President and the holders of petroleum right executed the Guddu Petroleum Concession Agreement (PCA) to give effect to the incentives and packages of the Pakistan Petroleum (Exploration & Production) Policy, 1997.

2. On account of commercial discovery in the block, the President granted a development and production lease to the holders of licence to undertake development activities and produce petroleum from the Reti & Maro fields. The current working interest owners are (a) M/s. OGDCL; (b) M/s. GHPL; (c) M/s. Spud Energy Pty Ltd; and (d) M/s IPR Transoil corporation Limited.

3. Under Article-X of the PCA, the President nominated Engro Fertilizers limited as the nominated buyers on behalf of the President of the natural gas produced from the Reti & Maro Fields.

4. Under Rule 36 of the 1986 Rules read with Article 9.1 of the PCA, the Working Interest Owners are under an obligation to pay royalty to the Government at a rate of 12.5% of the Petroleum produced and saved. Furthermore, the royalty on gas is collected by the Federal Government and paid to the province where the wellhead of gas is situated under Article 161 of the Constitution.

5. M/s. Spud Energy Pty Limited has been found to be in continuing willful default of its obligation to pay the outstanding royalty on Gas Rs 58,537,456/- up to November 2017.



6. It may be clarified that royalty is an interest in gas lease that gives the Government the right to receive 12.5% of the production from the leased acreage and it is the first charge of the Government on the gas produced and saved, therefore, the Company has been selling the gas and receiving the payment of 100% gas without paying royalty to the Government in steer violation of the 1986 Rules and PCA.

7. The Competent Authority has decided to recover the outstanding royalty amount by directing the nominated buyers to withhold the entire payment to the defaulter i.e. Spud Energy Pty Ltd of its share in the gas produced from the lease till satisfaction of entire claim and also to deduct at source the royalty amount at the rate of 12.5% from the share of Spud Energy Pty Ltd in future invoices.

8. You are directed to deposit forthwith the amount withheld as above in the following treasury accounts:

For Natural Gas	C-03906
-----------------	---------

9. This issues with the approval of the Competent Authority.

Yours Truly,



(Qazi Mohammad Saleem Siddiqui)
Director General (Petroleum Concessions)

Copy to:

- (i) SPS to Secretary, Petroleum Division, Government of Pakistan, Islamabad
- (ii) DG(GAS)
- (iii) MD (OGDCL)



Annex 2



SPUD ENERGY PTY LIMITED

Formerly Novus Pakistan Pty Limited
AN 28 073 847 613

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

3rd Floor, 22 East
Saeed Plaza, Jinnah Avenue
Blue Area, Islamabad - Pakistan
Tel: (+92-51) 227 0702-5
Fax: (+92-51) 227 0701

February 1, 2018

Mr. Qazi Mohammad Saleem Siddiqui
Director General Petroleum Concessions
Directorate General of Petroleum Concessions
Ministry of Petroleum & Natural Resources
Petroleum House, Sector G-5
Islamabad

SETTLEMENT OF OUTSTANDING ROYALTY OBLIGATION - BOLAN AND GUDDU BLOCKS

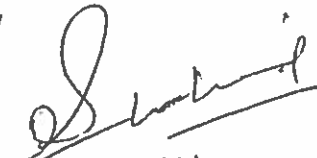
Dear Sir

Reference is made to the meeting held on January 31, 2018 in your office regarding the above-mentioned subject.

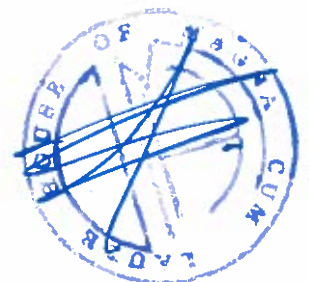
As agreed, we are pleased to enclose the self-explanatory undertaking and duly executed post-dated cheques representing settlement of royalty obligation of the Company.

Should you require any further information, please feel free to contact the undersigned.

Yours truly


Muhammad Imran Shahid
Manager (JV & BD)

Encls: As above



~~alBaraka~~
alBaraka Bank (Pakistan) Limited
BLUE AREA BRANCH-ISLAMABAD
11-C, JINNAH AVE, ISLAMABAD

Cheque No: 19359147

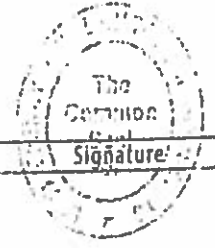
Date: 28/02/2018

Pay State Bank of Pakistan or bearer
Rupees One hundred million two hundred thirty
eight thousand eighty nine only

PKR=100238089-

PK39AIIN000010214138026
SPUD ENERGY PTY LIMITED

Signature



Please do not write below this line.

⑈ 19359147 ⑈ 03 10804 ⑈ 0102141383026 ⑈ 000 ⑈

~~alBaraka~~
alBaraka Bank (Pakistan) Limited
BLUE AREA BRANCH-ISLAMABAD
11-C, JINNAH AVE, ISLAMABAD

Cheque No 19359148

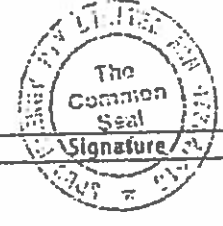
Date: 28/02/2018

Pay State Bank of Pakistan or bearer
Rupees One hundred million two hundred
thirty eight thousand eighty nine only

PKR=100238089-

PK39AIIN0000102141383026
SPUD ENERGY PTY LIMITED

Signature



Please do not write below this line.

⑈ 19359148 ⑈ 03 10804 ⑈ 0102141383026 ⑈ 000 ⑈

~~alBaraka~~
alBaraka Bank (Pakistan) Limited
BLUE AREA BRANCH-ISLAMABAD
11-C, JINNAH AVE, ISLAMABAD

Cheque No 19359147

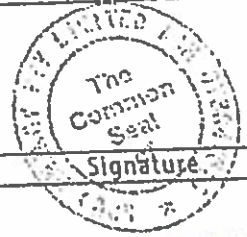
Date: 28/02/2018

Pay State Bank of Pakistan or bearer
Rupees One hundred million two hundred
thirty eight thousand eighty nine only

PKR=100238089-

PK39AIIN0000102141383026
SPUD ENERGY PTY LIMITED

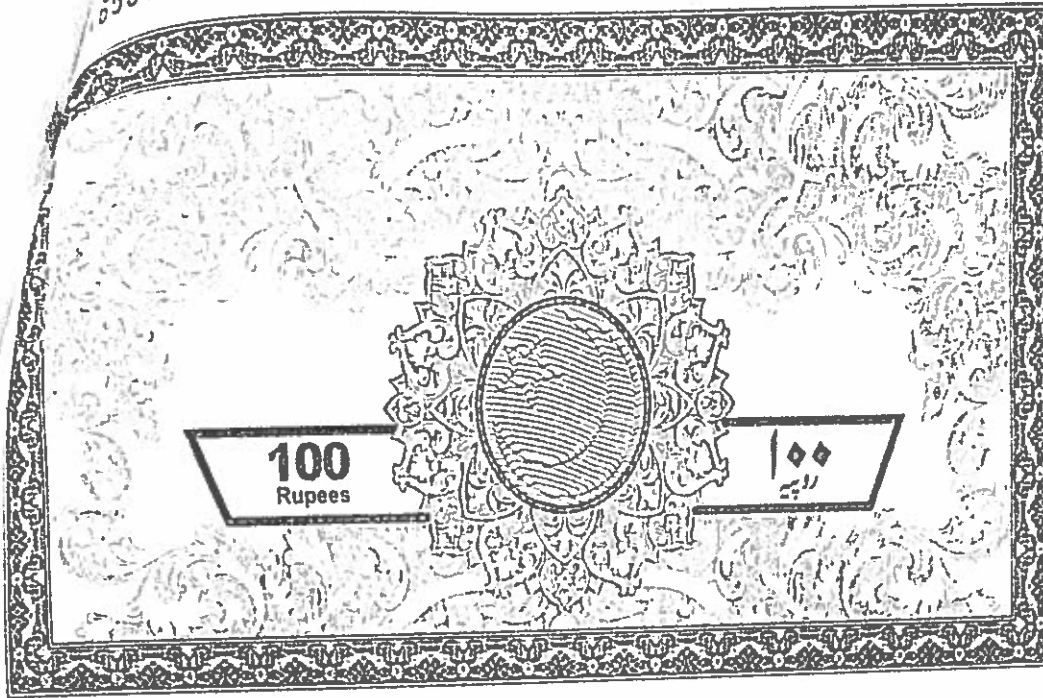
Signature



Please do not write below this line.

⑈ 19359147 ⑈ 03 10804 ⑈ 0102141383026 ⑈ 000 ⑈





UNDERTAKING

M/s. Spud Energy Pty Ltd (SEPL) is the lessee and working interest owner in Zarghun South Lease (Bolan Block) and Reti Maru Leases (Guddu Block).

2. The undersigned being the Chief Executive Officer of SEPL do hereby unconditionally and irrevocably undertakes and confirms for and on behalf of SEPL that SEPL shall discharge its following outstanding royalty obligation by or before April 30, 2018 in three equal installments.

Field	Royalty on Mineral Oil	Royalty on Natural Gas	Period
Zarghun South	Rs.1,859,833	Rs.240,316,978	Up to October 2017
Reti Maru	NIL	Rs.58,537,456	Up to November 2017

3. The above said payment shall be secured by three post-dated cheques along with treasury challans which the Government may deposit for payment on the dates mentioned in the cheques. SEPL shall ensure that the cheques when presented are not dishonored for any reason whatsoever.

4. The installment plan for payment shall be as follows:

Installment	Cheque No.	Date	Amount
First	19359147	28-02-2018	100,238,089
Second	19359148	28-03-2018	100,238,089
Third	19359149	28-04-2018	100,238,089

4. SEPL shall replace the third Cheque in case the Government confirms to SEPL that the royalty amount is adjustable on account of any difference in the royalty amount which may be found during the reconciliation process and the Government shall return the original Cheque for the third installment against the replacement Cheque.

5. SEPL shall pay without fail the royalty amounts for the later period and in future as shall be payable in respect of Zarghun South Lease (Bolan Block) and Reti Maru Leases (Guddu Block) as and when the same fall due under the provision of the applicable rules and concession agreements.

6. This undertaking is executed on this 1st Day of February 2018 by the authorized representative.



On behalf of Spud Energy Pty Limited)
MUHAMMAD NADEEM FAROOQ
 CNIC# 35302-4141902-7

DEPONENT

WITNESSES:

1 Name Muhammad Arif Siddiq
 CNIC# 33301-3110643-7

2 Name Muhammad Ismail
 CNIC# 61101-4718740-3



Annex 3

No.Accounts-1(24)2014-15 Monitoring
Government of Pakistan
Ministry of Energy (Petroleum Division)
(Directorate General of Petroleum Concessions)
4th Floor, Petroleum House, Ataturk Avenue, G-5/2,

Islamabad, the August 6th, 2018

✓ The Chief Executive Officer
Spud Energy Pty Limited
3rd Floor, 22 East, Blue Area
Islamabad.

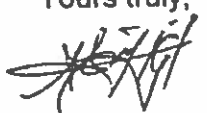
Subject:- SETTLEMENT OF OUTSTANDING ROYALTY OBLIGATION- BOLAN AND GUDDU BLOCKS.

Dear Sir,

I directed to refer to this Ministry's letter of even number dated 12.06.2018 on the subject cited above and to say that M/s Spud Energy vide letter dated 10.04.2018 committed that they will clear all outstanding obligations up to June 2018 by 30th July 2018, however no payment evidence has yet been received.

2. This Division has deposited following cheques in the Government treasury, therefore you are advised to make sure that the cheques will be honored, otherwise consequences shall follow.

Bank	Cheque No	Date	Amount (PKR)
alBaraka ISD	19359149	28.04.2018	100,238,089/-
alBaraka ISD	19359148	28.03.2018	100,238,089/-
alBaraka ISD	19359147	28.02.2018	100,238,089/-

Yours truly,

(M. Asif Hafeez)
Financial Analyst
051-9206124

Copy to:-
SPE
PA to DGPC



Annex 4



PKR=100238089



State Bank of Pakistan
 Ruppes One hundred and thirty eight thousand only
 SPUD ENERGY PTY LIMITED
 PK39A1IN000102141383026

State Bank of Pakistan Limited
 11-C, JINNAH AVE, ISLAMABAD

Cheque No 19359147
 Date 28022018

CHEQUE RETURN MEMO

Date: 07-08-18
 Amount: 100238089
 Collecting Bank: SBP Dealer Services Corporation

Branch Name: B.A
 Cheque No: 19359147
 Account #: 002141383036
 Cheque is returned for reason marked below: 1/2

S.No	Codes	Details/ Reason	Please Tick (✓)
1	Funds:		
	1.1	Amount in words and figures differs	
	1.2	Insufficient funds in Drawer's Account	
2	1.3	Unclaimed deposit- funds transferred to SBP	
	Payment Instrument:		
	2.1	Date is missing	
	2.2	Duplicate Instrument/Instrument lodged again in Clearing	
	2.3	Fake Instrument	
	2.4	Forged/ Tempered Instrument	
	2.5	Incomplete Instrument/ Required details is missing	
	2.6	Not Drawn on us	
	2.7	State Instrument	
	2.8	Payment instrument contains extraneous matters/ conditional statement	
3	2.9	Post-Dated Instrument	
	2.10	Suspicious	
4	Account:		
	3.1	Closed/ Inactive	
	3.2	Dormant Account	
	3.3	Bleached/frozen	
5	3.4	Non-resident account, Form A-7 required	
	Stamps:		
	4.1	Bank's Special Crossing required	
6	4.2	Clearing Stamp required	
	4.3	Stamp date is Invalid	
	Payment:		
7	5.1	Payment stopped by drawer	
	5.2	Payment stopped on order of legal/court or any law enforcement agency	
	5.3	Payment cannot be processed due to force majeure event	
8	Drawer's signature:		
	6.1	Alteration on Payment Instrument requires drawer's signature	
	6.2	Signature is forged	
	6.3	Signature is missing	
9	6.4	Signature is unauthorized	
	Endorsement:		
	7.1	Incomplete	
10	7.2	Forged	
	7.3	Collecting Bank's endorsement/discharge unimp/irregular/ illeible	
11	Miscellaneous:		
8.1	Any other reason (Please elaborate below):		

Authorized Signature
 Blue Struck (Pakistan) Limited
 State Bank of Pakistan

Please do not write below this line.

PK39A1IN000102141383026
 SPUD ENERGY PTY LIMITED

State Bank of Pakistan
 Ruppes One hundred and thirty eight thousand only

State Bank of Pakistan Limited
 11-C, JINNAH AVE, ISLAMABAD

Date 28022018

Cheque No 19359147



CHEQUE RETURN MEMO

Branch Name: B.A
Cheque No: 19359148
Account #: 010241383026
Date: 07-08-18
Amount: PKR 100,338,089
Collecting Bank: B.P. Banking Services Corporation

Cheque No 19359148
Date 28/02/2018
PKR=100,338,089



19359148#0310804#010241383026#000#

Pay State Bank
Rupees One hundred and thirty eight thousand two hundred and eighty nine only
alBaraka Bank (Pakistan) Limited
Branch Area - Islamabad
PK39A1IN000102141383026
SPUD ENERGY PTY LIMITED
Please do not write below this line.

S.No	Codes	Details/ Reason	Please Tick (M)
1	Funds:		
	1.1	Amount in words and figures differs	
	1.2	Insufficient funds in Drawer's Account	
	1.3	Unclaimed deposit - funds transferred to SBP	
	Payment Instruments:		
	2.1	Date is missing	
	2.2	Duplicate Instrument/Instrument lodged again in Clearing	
	2.3	False Instrument	
	2.4	Forged/ Tempered Instrument	
	2.5	Incomplete Instrument/ Required details is missing	
	2.6	Not Drawn on us	
	2.7	Stale Instrument	
		Payment Instrument contain extraneous matters/ conditional statement	
	2.8	statement	
	2.9	Post-Dated Instrument	
	2.10	Suspicious	
	Account:		
	3.1	Closed/ inactive	
	3.2	Dormant Account	
	3.3	Blocked/frozen	
	3.4	Non-resident account, form 3-7 required	
	Stamps:		
	4.1	Bank's Special Crossing required	
	4.2	Clearing Stamp required	
	4.3	Stamp date is invalid	
	Payment:		
	5.1	Payment stopped by drawer	
	5.2	Payment stopped on order of legal/court or any law enforcement agency	
	5.3	Payment cannot be processed due to force majeure event	
	Drawer's signature:		
	6.1	Alteration on Payment Instrument requires drawer's signature	
	6.2	Signature is forged	
	6.3	Signature is missing	
	6.4	Signature is unauthorized	
	Endorsement:		
	7.1	Incomplete	
	7.2	Forged	
	7.3	Collecting Bank's endorsement/di-charge undrawn/irregular/ illegetible	
	Miscellaneous:		
	8.1	Any other reason (Please elaborate below):	

alBaraka Bank (Pakistan) Limited
Branch Area - Islamabad
Authorized Signature



alBaraka CHEQUE RETURN MEMO

Branch Name: B.A Date: 07-08-18
 Cheque No: 19359149 Amount: 100,238.08
 Account #: 0102141383026 Collecting Bank: SBP Bealish
 Cheque is returned for reason marked below: 1.2 Sevcon Corporation

S.No	Codes	Details/ Reason	Please Tick (✓)
1	Funds:		
	1.1	Amount in words and figures differs	
	1.2	Insufficient funds in Drawer's Account	
2	Payment Instrument:		
	1.3	Unclaimed deposit- funds transferred to SP	
	2.1	Date is missing	
	2.2	Duplicate instrument/instrument lodged again in Clearing	
	2.3	fake instrument	
	2.4	Forged/ Tempered Instrument	
	2.5	Incomplete instrument/ Required details is missing	
	2.6	Not Drawn on us	
	2.7	Stale Instrument	
	2.8	Payment instrument contains erroneous matters/ conditional statement	
3	Account:		
	2.9	Post-dated instrument	
4	Stamps:		
	3.1	Closed / Inactive	
	3.2	Dormant Account	
	3.3	Blocked/frozen	
5	Payment:		
	3.4	Non resident account, Form A-7 required	
	4.1	Bank's Special Crossing required	
6	Drawer's signature:		
	4.2	Clearing Stamp required	
	4.3	Stamp date is invalid	
7	Endorsement:		
	5.1	Payment stopped by drawer	
	5.2	Payment stopped on order of legal/court or any law enforcement agency	
8	Miscellaneous:		
	5.3	Payment cannot be processed due to force majeure event	
	6.1	Alteration on Payment instrument requires drawer's signature	
9	Miscellaneous:		
	6.2	Signature is forged	
	6.3	Signature is missing	
10	Miscellaneous:		
	6.4	Signature is unauthenticated	
	7.1	Incomplete	
11	Miscellaneous:		
	7.2	Forged	
	7.3	Collecting Bank's endorsement/discharge unsigned/irregular/ illegible	
12	Miscellaneous:		
	8.1	Any other reason (Please enter below):	

Authorized Signature
 Signature of Sevcon Corporation
 Date: 07-08-18

Cheque No 19359149
 Date 28042018
 PKR=100238089



Pay State Bank of Sindh or bearer
One hundred million and thirty eight thousand only
 PK99AIIN0000102141383026
 SPUD ENERGY PTY LIMITED
 Please do not write below this line.
 19359149 03108061:0102141383026 0000

alBaraka
 Al Baraka Bank (Pakistan) Limited
 Blue Area Branch- ISLAMABAD
 Plot, Jinnah Ave, ISLAMABAD

Annex 5

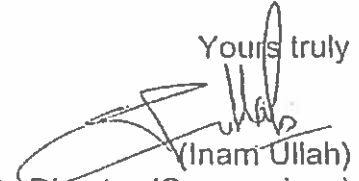
Government of Pakistan
Ministry of Energy (Petroleum Division)
Directorate General Petroleum Concession
3rd Floor, Petroleum House, G-5/2, Islamabad

Subject: Compliant against M/s SPUD Energy and M/s Frontier Holding Companies wilfully defaulting of their obligations to pay outstanding royalty 12.5% amounting approx. PKR. 1.13 billion on the sale of natural gas/crude oil from Reti Maru Field, Badin IV South Block and Zarghun Field.

Reference Prime Minister's office U.O No 4(5)/Misc/DS (EA-I)/2022/83 dated 03-02-2023 on the subject cited above.

2. Royalty amounting to Rs 1.025 billion has been deducted by M/s Sui Southern Gas Company Limited (SSGCL) from the sales invoices of the defaulting companies, M/s Spud energy and M/s Frontier Holding Company, and the same has been deposited into the Government treasury by M/s SSGCL, (Copies of challans are attached).

Yours truly



(Inam Ullah)

Deputy Director (Concessions)
for Director General (Petroleum Concession)

Muhammad Shahid Dayo DS(EA-I), Prime Minister's Office, Islamabad
DGPC U.O No. Expt-7(3) (Spud-TIP)/2023 Dated 14th February, 2023.



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 in pursuant to TI Pakistan letter, the Director General Petroleum Concessions on 11th January 2023



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.



Annex 7

CONFIDENTIAL



GOVERNMENT OF PAKISTAN
NATIONAL ACCOUNTABILITY BUREAU (KARACHI)
PRCS BUILDING 197/5, DR DAUDPOTA ROAD
KARACHI CANTONMENT

Tel: 021-99207981
Fax: 021-99207949

OUR FAITH,
CORRUPTION FREE PAKISTAN

CVC-182/234/MC-599/NAB (K)/2023/ 1529
09 June, 2023

To: The Secretary
Ministry of Energy (Petroleum Division)
Government of Pakistan
3rd Floor, Block-A
Pak Secretariat, Constitution Avenue
Islamabad

Subject: Provision of Information Under Section 27 of National
Accountability Ordinance-1999 (Dairy No.182/234/2023)

1. In connection with a complaint under process in this Bureau (Copy attached), it is requested to provide a comprehensive report on the contents of the complaint.
2. The above information is required under Section 27 of National Accountability Ordinance, 1999 and may reach this Bureau latest by 21st June, 2023, please.

Attached: As above


Additional Director (Staff)
For Director General
(Saeed Ahmed)

CONFIDENTIAL



TI Pakistan has received a complaint against M/s SPUD Energy and M/s Frontier Holding on willfully defaulting of their obligations to pay outstanding royalty 12.5% amounting PKR 1.13 billion on the sale of natural gas/crude oil from Reti Maru Field, Badin IV South Block and Zargun South Field. (Annex-A)

The complainant has made the following allegations:-

That,

1. 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.
2. On account of commercial discovery in these blocks, the President 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.
3. Under Rule 36 of the 1986 Rules 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. The royalty on gas is collected by the Federal Government and paid to the province where the wellhead of gas is situated under Article 161 of the Constitution.
4. M/s SPUD Energy has been found to be in continuing willfully defaulting of its obligation to pay the outstanding royalty of the total sum of PKR 834,821,397, while M/s Frontier Holding has been found to be in continuing willfully defaulting of its obligation to pay the outstanding royalty of the total sum of PKR 303,195,732, a total of app.ox. 1.13 billion loss to National Exchequer.
5. Ministry of Energy – Petroleum Division had been deceived into allowing the assignment and transfer by way of ECC Summary and Summary for the Prime Minister dated September 1st 2022 of PCL's 35% WI to M/s SPUD in Hannah Exploration License, the Prime Minister Office vide letter dated September 13th 2022 has taken a serious notice of the said transfer and raised the following objections:





- i. The un-signed annexures containing the recommendation of the regulator is silent regarding the financial capability of acquiring company and clearance of government dues and other obligations by the assigning companies. Similarly, the technical strength of companies which will be assigned the working interest has also not been indicated.
- ii. Amount outstanding and/or subjudice before courts against the existing holders of licence and the assignees, if any, has not been mentioned.
- iii. Deeds/contact documents are not vetted by Law Division.
- iv. Annexures attached with the Summary are un-signed.
- v. It shall be ensured that irrevocable Bank Guarantees in respect of outstanding amounts (if any) as well as obligations corresponding to the acquired working interest are taken from the companies, which have requested for transfer of working interest." (Annex B)

6. The office of the Directorate General Petroleum Concessions has issued various Show Cause Notices and Default Notices to M/s SPUD Energy and M/s Frontier Holding including certain Gas Buyers and Oil Buyers including M/s SSGCL, Pakistan Refinery and others to start withholding payments against share of M/s SPUD from invoices for sale of Natural Gas and Crude Oil from fields in which M/s SPUD had working Interest.

7. It can be clearly seen from their Financial Statement instead of paying government obligations these defaulters have paid shareholders loan worth millions of dollars using gas sales receipt which is totally not just illegal but also morally incorrect (Financial statements attached) They have also charged consultancy services with the help of their subsidiaries.

Annex 8

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.

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



54-B, Fazalul Haq Road, Blue Area, Islamabad. PABX: +92 51 9244090-98, Fax: +92 51 9244310
54-B فضل الحق روڈ، نیو ایبیری، اسلام آباد فون: +92 51 9244090-98 فیکس: +92 51 9244310

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,

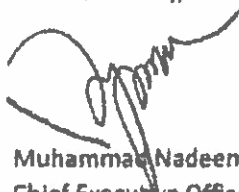
We write with reference to your letter OGRA-9(518)/2019 dated October 6, 2023 vis-à-vis an anonymous complaint filed by a law firm re alleged unauthorized third-party gas sale by Konnect Gas (Pvt) Limited ("KGL").

At the outset we would like to clarify that complaint 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 complaint 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.

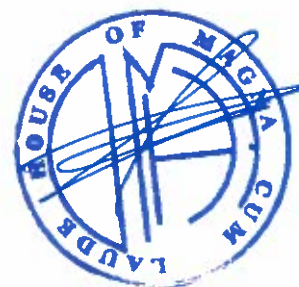
Should you have any questions or need further information/clarifications, please advise.

Yours Sincerely,



Muhammad Nadeem Farooq
Chief Executive Officer

Encl: as above





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)

House #77, Street # 45, F-10/4, Islamabad, Ph # 051-2110591, 051-8356311



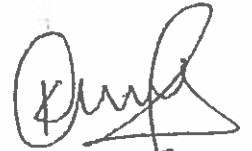
Annex 9

Government of Pakistan
Ministry of Energy (Petroleum Division)

Subject: Compliant against M/s SPUD Energy and M/s Frontier Holding Companies wilfully defaulting of their obligations to pay outstanding royalty 12.5% amounting approx.. PKR. 1.13 billion on the sale of natural gas/crude oil from Reti Maru Field, Badin IV South Block and Zarghun Field.

Reference Prime Minister's office U.O No. 4(5)/Misc/DS(EA-I)/2022 dated 12-01-2023. Comments of the Petroleum Division to the Transparency International Pakistan's (TIP) letter are as under:

2. It is true that an amount of Rs. 1.13 billion is outstanding till June, 2022 on the account of Royalty against M/s Spud Energy (SPUD) and M/s Frontier Holding Limited (FHL). The Petroleum Division has taken necessary steps for the recovery of the said amount, in accordance with the applicable rules. The regulator i.e Directorate General of Petroleum Concessions has written to the government nominated buyer of gas (i.e SSGCL) to withhold the M/s Spud and M/s FHL shares/invoices and deposit the outstanding Royalty in the Government treasury. Reply from SSGCL is still awaited, however, M/s FHL has recently deposited Rs. 184 Million Royalty in respect of Badin IV South. The Petroleum Division is pursuing for recovery of the remaining amount. Furthermore, the DGPC has deferred the assignment of working interest cases in various concessions of M/s Spud and FHL, till the recovery of outstanding payments.



(Kashif Ali)
Director General (PC)

✓
Muhammad Shahid Dayo, DS (EA-I), Prime Minister's Office, Islamabad
Petroleum Division U.O No. Expl-7(3) (Spud-TIP)/2023, Dated 18-01-2023



Annex 10

Immediate

No.Accounts-1(24)-2014-15(Monitoring)
Government of Pakistan
Ministry of Petroleum & Natural Resources
(Directorate General of Petroleum Concessions)
Petroleum House, 3rd floor G-5/2 Islamabad

Islamabad, the April 28, 2016

Mr Shahid Hameed
Chief Executive Officer
M/s Spud Energy Pty Ltd
No 12-A, Street No 86, Attaturk Avenue,
G-6/3 Islamabad
Fax 2870331

Subject:- OUTSTANDING ROYALTY ON CRUDE OIL AND GAS.

Dear sir,

I am directed to refer to this Ministry's letter of even number dated 3.7.2015 on the above subject and to again request you to payoff the outstanding royalty accrued from November 2014 to March 2016 in respect of Badar and Guddu fields immediately and provide the original receipted challans along with calculation sheet.

Yours truly,

(Abid Nasim)
Deputy Director (F&P)
Tele:-051-9205099

Copy to:-

✓ Ps to Secretary (MoPNR)



Annex II

Immediate
4th Reminder

No.Accounts-1(24)-2014-15(Monitoring)
Government of Pakistan
Ministry of Petroleum & Natural Resources
(Directorate General of Petroleum Concessions)
Petroleum House, 4th floor G-5/2

Islamabad, the December 7, 2016

Mr Shahid Hameed
Chief Executive Officer
M/s Spud Energy Pty Ltd
No 12-A, Street No 86, Attaturk Avenue,
G-6/3 Islamabad
Fax 2870331

Subject:- OUTSTANDING ROYALTY ON CRUDE OIL AND GAS.

Dear sir,

I am directed to refer to this Ministry's letter of even number dated 3.7.2015 and subsequent reminders dated 28.4.2016, 30.9.2016 and 21.10.2016 on the above subject and to point out that M/s Spud Energy has not yet paid the outstanding royalty in respect of Badar, Guddu and Zarghun South fields .
Non-payment of royalty is a repudiatory breach of applicable E&P Rules.

2. In view of the above, you are again directed to immediately payoff all outstanding dues on account of royalty failing which the government will be constrained to invoke Rule 68 of the applicable Rules.

Yours Sincerely,


(M. Asif Hafeez)
Financial Analyst
Tele No.9206124

Copy to:-

~~/~~ SPE
~~/~~ DGPC



Annex 12



SPUD ENERGY PTY LIMITED

Formerly Novus Pakistan Pty Limited
AN 28 073 847 613

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

3rd Floor, 22 East
Saeed Plaza, Jinnah Avenue
Blue Area, Islamabad - Pakistan
Tel: (+92-51) 227 0702-5
Fax: (+92-51) 227 0701

September 21, 2017

Mr. Rashid Sultan

Legal Advisor

Ministry of Petroleum & Natural Resources

Directorate General of Petroleum Concessions

Petroleum House, 3rd Floor, G-5/2 Islamabad

FINAL NOTICE FOR PAYMENT OF OUTSTANDING ROYALTY IN RESPECT OF BOLAN BLOCK

Dear Sir

This has reference to your letter No. Accounts 1(24)/2014-15-Monitoring dated May 29, 2017 on the above mentioned subject.

We understand that royalty payments to the Government of Pakistan (GoP) are long outstanding and would like to submit that the Company is in a bad cash situation. To manage that, we are making best efforts and are at a final stage to close a credit facility. We anticipate that it would not take long and we will be able to pay the outstanding royalty to GoP within six months from the date of this letter.

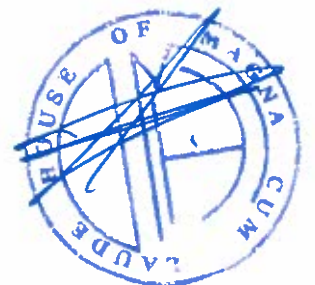
We assure that we will not request for additional time for the discharge of outstanding royalty obligation of the Company. Also, we will start paying royalty on current basis within the requested six months relaxation period.

We would appreciate your understanding and cooperation in the matter. In case, you require any further assurance, we would be happy to provide the same to your satisfaction.

Yours truly

Muhammad Imran Shahid
Manager (JV &BD)

CC: Director General Petroleum Concessions, MPNR





SPUD ENERGY PTY LIMITED

Formerly Novus Pakistan Pty Limited
AN 28 073 847 613

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

3rd Floor, 22 East
Saeed Plaza, Jinnah Avenue
Blue Area, Islamabad - Pakistan
Tel: (+92-51) 227 0702-5
Fax: (+92-51) 227 0701

September 21, 2017

Mr. Rashid Sultan

Legal Advisor

Ministry of Petroleum & Natural Resources
Directorate General of Petroleum Concessions
Petroleum House, 3rd Floor, G-5/2 Islamabad

FINAL NOTICE FOR PAYMENT OF OUTSTANDING ROYALTY IN RESPECT OF GUDDU BLOCK

Dear Sir

This has reference to your letter No. Accounts 1(24)/2014-15-Monitoring dated May 29, 2017 on the above mentioned subject.

We understand that royalty payments to the Government of Pakistan (GoP) are long outstanding and would like to submit that the Company is in a bad cash situation. To manage that, we are making best efforts and are at a final stage to close a credit facility. We anticipate that it would not take long and we will be able to pay the outstanding royalty to GoP within six months from the date of this letter.

We assure that we will not request for additional time for the discharge of outstanding royalty obligation of the Company. Also, we will start paying royalty on current basis within the requested six months relaxation period.

We would appreciate your understanding and cooperation in the matter. In case, you require any further assurance, we would be happy to provide the same to your satisfaction.

Yours truly

Muhammad Imran Shahid
Manager (JV &BD)

CC: Director General Petroleum Concessions, MPNR



Annex 13



SPUD ENERGY PTY LIMITED

Formerly Novus Pakistan Pty Limited
AN 28 073 847 613

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

3rd Floor, 22 East
Saeed Plaza, Jinnah Avenue
Blue Area, Islamabad - Pakistan
Tel: (+92-51) 227 0702-5
Fax: (+92-51) 227 0701

April 10, 2018

Mr. Qazi Mohammad Saleem Siddiqui
Director General Petroleum Concessions
Ministry of Energy (Petroleum Division)
Directorate General of Petroleum Concessions
Petroleum House, Sector G-5/2, Islamabad

SETTLEMENT OF OUTSTANDING ROYALTY OBLIGATION - BOLAN AND GUDDU BLOCKS

Dear Sir

This is with reference to our letter dated February 1, 2018, on the above mentioned subject, in terms of which we gave an undertaking to discharge outstanding royalty amounting to PKR 301 million, subject to any revision, in three equal monthly installments falling due on 28th February, 28th March and 28th April of 2018.

In this respect, we wish to submit that the Company is facing acute financial constraints and despite our best efforts we could not arrange adequate funding to discharge first two tranches of royalty obligation. We may however add that the Company is in process of arranging a debt facility from its parent company which is targeted for closing in the third week of May 2018. In addition thereto, we are pursuing collection of our gas sale invoices from our customers which were not processed on time on account of customer's internal clearance following GoP's letters dated March 2, 2018.

While we are committed to settle the royalty obligation as soon as possible, however, in view of facts outlined above, the Company may not be able to settle its royalty obligation strictly in compliance with the above referred terms. That being said, we are fairly confident that the Company will be able to generate adequate funding to settle its royalty obligation in three equal monthly installments falling due on 30th May, 30th June and 30th July of 2018.

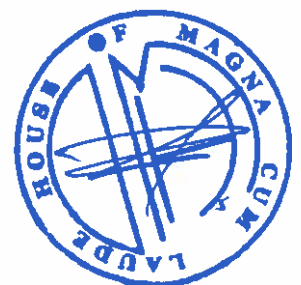
Further, in order to demonstrate Company's commitment to pay-off its royalty obligation (despite severe financial constraints), we have deposited PKR 20.9 million in the Government treasury representing payment of outstanding royalty of Guddu block for the period from September 2014 through August 2015. The receipt alongwith payment challan is enclosed herewith.

We look forward to your kind co-operation and assure you that we will not seek any further relaxation in this matter.

Yours truly

Muhammad Imran Shahid
Manager (JV & BD)

Encls: As above



Annex 14

No.Accounts-1(24)2014-15 Monitoring
Government of Pakistan
Ministry of Energy (Petroleum Division)
(Directorate General of Petroleum Concessions)
4th Floor, Petroleum House, Ataturk Avenue, G-5/2,

Islamabad, the June 12, 2018

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

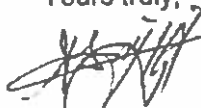
Subject:- SETTLEMENT OF OUTSTANDING ROYALTY OBLIGATION- BOLAN
AND GUDDU BLOCKS.

Dear Sir,

I directed to refer to your letter dated 10.04.2018 on the subject cited above and to advise you to clear all outstanding royalty obligation up to June 2018 by the 30th July 2018 positively, otherwise payment will be recovered at source from the nominated buyers.

2. It may also be noted that Government will not give any further relaxation in this matter.

Yours truly,


(M. Asif Hafeez)
Financial Analyst
051-9206124



PKR

Spud	Zarghun South	Period
Royalty Due	166,318,405	May.15 to Dec.17
	37,797,506	Jan.18 to April.2018
Paid	(4,514,303)	
Outstanding	199,601,608	

As per detail provided by MPCL operator (detail attached)
Computed on the basis J.V Partner share. (GHPL)

Spud	Guddu	Period
Royalty Due	58,537,456	upto Nov 2017
	10,918,930	Dec.17 to June.18
Paid	(23,067,195)	
Outstanding	46,389,191	

Computed on the basis J.V Partner share. (OGDCL)
Computed on the basis J.V Partner share. (OGDCL)

Field	Total Outstanding
Zarghun South	199,601,608
Guddu	46,389,191
Total	245,990,799



Zarghun South
Royalty Calculation

Period		Revenue	Monthly RPC Allowance	Well Head Value	Royalty	Royalty (Spud Share 80%)			
						Spud (40%)	MPCL (35%)	GHPL (17.5%)	POPEL's (7.5%)
-----PKR-----									
Gas	2015	203,286,655	(55,849,135)	147,437,520	18,429,690	7,371,876	6,450,392	3,225,196	1,382,227
	Jun	188,690,418	(55,849,135)	132,841,283	16,605,160	6,642,064	5,811,806	2,905,903	1,245,387
		391,977,073	(111,698,269)	280,278,804	35,034,850	14,013,940	12,262,198	6,131,099	2,627,614
2015-16	Jul	168,147,540	(57,139,218)	111,008,323	13,876,040	5,550,416	4,856,614	2,428,307	1,040,703
	Aug	162,422,057	(57,139,218)	105,282,840	13,160,355	5,264,142	4,606,124	2,303,062	987,027
	Sep	147,962,354	(57,139,218)	90,823,136	11,352,892	4,541,157	3,973,512	1,986,756	851,467
	Oct	165,428,802	(57,139,218)	108,289,584	13,536,198	5,414,479	4,737,669	2,368,835	1,015,215
	Nov	133,780,375	(57,139,218)	76,641,157	9,580,145	3,832,058	3,353,051	1,676,525	718,511
	Dec	143,642,325	(57,139,218)	86,503,107	10,812,888	4,325,155	3,784,511	1,892,255	810,967
	Jan	131,936,692	(57,139,218)	74,797,475	9,349,684	3,739,874	3,272,390	1,636,195	701,226
	Feb	120,814,634	(57,139,218)	63,675,416	7,959,427	3,183,771	2,785,799	1,392,900	596,957
	Mar	106,779,588	(57,139,218)	49,640,371	6,205,046	2,482,019	2,171,766	1,085,883	465,378
	Apr	122,984,537	(57,139,218)	65,845,319	8,230,665	3,292,266	2,880,733	1,440,366	617,300
	May	113,664,908	(57,139,218)	56,525,691	7,065,711	2,826,285	2,472,999	1,236,499	529,928
	Jun	97,084,178	(57,139,218)	39,944,960	4,993,120	1,997,248	1,747,592	873,796	374,484
		1,614,647,991	(685,670,611)	928,977,380	116,122,172	46,448,869	40,642,760	20,321,380	8,709,163
	2016-17	Jul	98,861,610	(57,812,345)	41,049,265	5,131,158	2,052,463	1,795,905	897,953
Aug		94,852,201	(57,812,345)	37,039,856	4,629,982	1,851,993	1,620,494	810,247	347,249
Sep		87,708,473	(57,812,345)	29,896,128	3,737,016	1,494,806	1,307,956	653,978	280,276
Oct		86,938,095	(57,812,345)	29,125,750	3,640,719	1,456,288	1,274,252	637,126	273,054
Nov		83,784,971	(57,812,345)	25,972,626	3,246,578	1,298,631	1,136,302	568,151	243,493
Dec		93,824,938	(57,812,345)	36,012,593	4,501,574	1,800,630	1,575,551	787,775	337,618
Jan		209,522,879	(57,812,345)	151,710,534	18,963,817	7,585,527	6,637,336	3,318,668	1,422,286
Feb		192,847,970	(57,812,345)	135,035,625	16,879,453	6,751,781	5,907,809	2,953,904	1,265,959
Mar		202,588,756	(57,812,345)	144,776,411	18,097,051	7,238,821	6,333,968	3,166,984	1,357,279
Apr		201,006,120	(57,812,345)	143,193,775	17,899,222	7,159,689	6,264,728	3,132,364	1,342,442
May		205,357,102	(57,812,345)	147,544,758	18,443,095	7,377,238	6,455,083	3,227,542	1,383,232
Jun		196,633,683	(57,812,345)	138,821,338	17,352,667	6,941,067	6,073,434	3,036,717	1,301,450
		1,753,926,797	(693,748,137)	1,060,178,659	132,522,332	53,008,933	46,382,816	23,191,408	9,939,175
2017-18	Jul	217,287,627	(58,660,565)	158,627,062	19,828,383	7,931,353	6,939,934	3,469,967	1,487,129
	Aug	216,308,083	(58,660,565)	157,647,517	19,705,940	7,882,376	6,897,079	3,448,539	1,477,945
	Sep	221,312,735	(58,660,565)	162,652,170	20,331,521	8,132,609	7,116,032	3,558,016	1,524,864
	Oct	255,476,360	(58,660,565)	196,815,795	24,601,974	9,840,790	8,610,691	4,305,346	1,845,148
	Nov	242,022,038	(58,660,565)	183,361,473	22,920,184	9,168,074	8,022,064	4,011,032	1,719,014
	Dec	256,489,805	(58,660,565)	197,829,240	24,728,655	9,891,462	8,655,029	4,327,515	1,854,649
	1,408,896,648	(351,963,391)	1,056,933,257	132,116,657	52,846,663	46,240,830	23,120,415	9,908,749	
Total		17,151,169,448,508	(1,843,080,409)	13,326,368,099	415,796,012	166,318,405	145,528,604	72,764,302	31,184,701

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