



**TRANSPARENCY  
INTERNATIONAL - PAKISTAN**

Plot 72-F/2, 1st Floor, 9th Street, Jami Commercial,  
Phase VII, Defence Housing Authority, Karachi  
Phone: +92-21-35390408, 35311898  
Fax: +92-21-35390410  
Email: ti.pakistan@gmail.com  
Website: www.transparency.org.pk

December 16, 2022

TIP 2022/1216/1A

Principal Secretary (PSPM)  
Prime Minister of Pakistan  
Prime Minister House,  
Islamabad

**(For the Attention of the Prime Minister of Pakistan)**

**Subject: Complaint against M/s SPUD Energy and M/s Frontier Holding Companies willfully 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 Zargun South Field**

Honorable Prime Minister,

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 approx. **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:

**A NON-PARTISAN, NON-PROFIT COALITION AGAINST CORRUPTION**

Donations exempted from tax U/S 2 (36) (c) of I. Tax Ordinance 2001





- 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.

#### **Transparency International Pakistan's Comments**

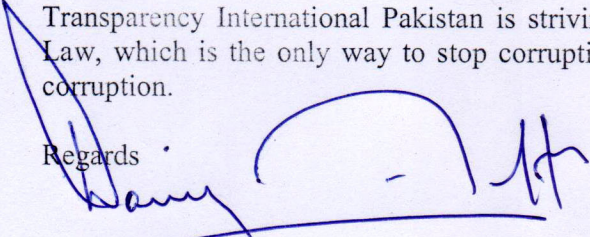
Based on the authenticity of the submitted documents, particularly the 03 letters dated February 17, 2022 from Ministry of Energy (Petroleum Division) to M/s Sui Southern Gas, M/s Pakistan Refinery and M/s Engro Fertilizers, prima facie it appears that the complaint is correct. M/s SPUD Energy and M/s Frontier Holding have defaulted their obligation paying a royalty of PKR 1.13 billion, combined with the loss of interest on defaulted amount to National Exchequer for many years.

#### **Transparency International Pakistan's Recommendations**

TI Pakistan requests the Prime Minister of Pakistan to kindly look into this matter, and if it is found to be correct, then direct the regulators to first recover the outstanding amount approx. PKR 1.13 billion from M/s SPUD Energy and M/s Frontier Holding prior to proceeding further on these contracts.

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

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. State Minister for Petroleum Division
2. Chairman, NAB, Islamabad
3. Prime Minister's Inspection Commission (PMIC), Islamabad
4. Chairman, OGRA, Islamabad
5. Chairman, SECP, Islamabad
6. Registrar, Supreme Court of Pakistan, Islamabad

**Note:**

This is to clarify that Transparency International Pakistan is not the complainant. It acts as 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 *Ataullah 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.



MOST IMMEDIATE  
THROUGH FAX

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

Islamabad, the February 17<sup>th</sup>, 2022.

(i) The Managing Director  
Sui Southern Gas Company Limited  
Sf 4/B, Block 14, Sir Shah Suleman  
Road Gulshan-e-Iqbal  
Karachi,

(ii) The Managing Director  
Pakistan Refinery Limited  
Korangi Creek Road  
Karachi

Subject: WITHHOLDING PAYMENT AGAINST SHARE OF M/S SPUD ENERGY PLY 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 (i) M/s. GHPL; (ii) M/s. Al-Haj (iii) M/s. Spud Energy and (iv) M/s Mari Petroleum Limited.

3. Under Article-X of the PCA, the President nominated Sui Southern Company Limited (SSGCL) as the nominated buyers on behalf of the President of the natural gas produced from the Bolan Block.

4. Under Rule 36 of the 1986 Rules, 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 has been found to be in continuing willful default of its obligation to pay the outstanding royalty of a total sum of Rs 734,450,141/-

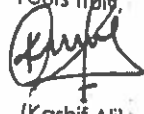
6. It may be clarified that royalty is an Constitutional requirement in an oil and gas lease that gives the Government the right to receive 12.5% of the production from the leased acreage and it is the first charge of the Government on the oil and gas produced and saved, therefore, the Company has been 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 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 in future invoices.

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

For Natural Gas	C03906
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9. This issues with the approval of the Competent Authority.

Yours Truly,  


(Kashif Ali)  
Director General (Petroleum Concession)  
051-9204176

Copy to:

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

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

Islamabad, the February 17<sup>th</sup>, 2022.

(i) The Managing Director  
Sui Southern Gas Company Limited  
St-4/8, Block 14, Sir Shah Suleman  
Road Gulshan-e-Iqbal  
Karachi.

Subject: WITHHOLDING PAYMENT AGAINST SHARE OF M/S FRONTIER HOLDING COMPANY FROM INVOICES FOR SALE OF THE NATURAL GAS AND CRUDE OIL/CONDENSATE FROM BADIN IV SOUTH BLOCK.

Dear Sirs,

Effective from January 5, 2006, the President granted an exploration licence over Badin IV South Block under and in accordance the provisions of the Pakistan Petroleum (Exploration and Production) Rules, 2001 ("2001 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 Badin IV south Petroleum Concession Agreement (PCA) to give effect to the incentives and packages of the Pakistan Petroleum (Exploration & Production) Policy, 2001. Subsequently Block was converted into Petroleum Policy 2012 w.e.f 30.08.2012.

2. On account of commercial discovery in the block, the President granted a development and production leases to the holders of licence to undertake development activities and produce petroleum from the Badin IV South Block. The current working interest owners are (i) M/s. PEL; (ii) M/s. Frontier Holding (iii) M/s. Gulf Petroleum.

3. The President nominated Sui Southern Company Limited (SSGCL) as the nominated buyers on behalf of the President of the natural gas and crude oil/condensate produced from the Badin IV South block.

4. Under Rule 35 of the 2001 Rules, 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.

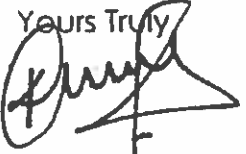
5. M/s. Frontier Holding Company has been found to be in continuing willful default of its obligation to pay the outstanding royalty of a total sum of Rs 303,195,732/- It may be clarified that royalty is a Constitutional requirement in an oil and gas lease that gives the Government the right to receive 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 2001 Rules and PCA.

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 Frontier Holding 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 M/s Frontier Holding Company in future invoices.

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

For Natural Gas	C03906
-----------------	--------

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

Yours Truly  


(Kashif Ali)

Director General (Petroleum Concession)  
051-9204176

Copy to:

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

MOST IMMEDIATE  
THROUGH FAX

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

Islamabad, the February 17<sup>th</sup>, 2022.

The President  
Engro Fertilizers Limited  
7th & 8th Floor, Harbor front Building  
Marina Drive, Block-4 Clifton  
Karachi.

Subject: WITHHOLDING PAYMENT AGAINST SHARE OF M/S SPUD ENERGY Pty Ltd  
FROM INVOICES FOR SALE OF THE NATURAL GAS FROM RETI MARU 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 & Maru fields. The current working interest owners are (i) M/s. OGDCL (ii) M/s. GHPL (iii) M/s. Spud Energy and (iv) M/s IPR Transoil.

3. Under Article-X of the PCA, the President nominated Engro Fertilizer Limited as the nominated buyers on behalf of the President of the natural gas produced from the Reti & Maru fields.

*Exploration and Production Rules 1986*

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.

*100 million*

5. M/s. Spud Energy Pty Ltd has been found to be in continuing willful default of its obligation to pay the outstanding royalty of a total sum of Rs 100,371,256. One Hundred million three hundred seventy one thousand two hundred fifty six Rupees (approx.).

6. It may be clarified that royalty is a Constitutional requirement 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.

*100% oil and gas w/o  
payment*



.2.


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 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 in future invoices.

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

For Natural Gas	C03906
-----------------	--------

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

Yours Truly



(Kashif Ali)

Director General (Petroleum Concession)  
051-9204176

Copy to:

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



Reminder  
MOST IMMEDIATE  
THROUGH FAX

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

Islamabad, the June 13<sup>th</sup>, 2022.

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

(ii) **The Managing Director**  
Pakistan Refinery Limited  
Korangi Creek Road  
Karachi

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

Dear Sirs,

I am directed to refer to this Division letter of even number dated 17<sup>th</sup> February, 2022 on the subject cited above and to say that M/s SSGCL and M/s PRL was advised to withhold the entire payment to the royalty defaulter i.e. M/s Spud energy of its share in the oil and gas produced from the Bolan lease and deposit all outstanding royalty in the Government treasury immediately however no response has been received as yet.

2. A Public Accounts Committee meeting has been scheduled on 22.June.2022 and Spud energy Royalty related Para will also be discussed in the said PAC meeting, therefore you are again requested to deduct at source the royalty amount at the rate of 12.5% from the share of Spud in future invoices and deposit the same into the Government treasury. You are also requested to make it convenient to attend the PAC meeting of 22.06.2022.

Yours Truly,

  
(Ch Muhammad Shabaz)  
Dy. Director (F&P)  
051-9206124

Copy to:

- (i) SPS to Secretary, Petroleum Division, Government of Pakistan, Islamabad.
- (ii) PA to DGPC



Government of Pakistan  
Ministry of Energy (Petroleum Division)  
.....

SUMMARY FOR THE PRIME MINISTER

Subject: ASSIGNMENT OF WORKING INTEREST IN EXPLORATION LICENSES/BLOCKS

The Directorate General Petroleum Concessions has received two separate requests for assignment of working interests. (i) Assignment of 35% working interests in the Hanna Block from Mari Petroleum Company Limited (MPCL) to Spud Energy Private Limited (SEPL), and (ii) Assignment of 30% working interests in Margalla Block from M/s MOL Pakistan to M/s Mari Petroleum Company Limited (MPCL). The companies have also submitted the draft deeds of assignment for the same. Both Hanna and Margala Blocks are governed by Pakistan Petroleum Exploration and Production Rules 2001. The requests for assignments and the draft Deed of Assignments (DoAs) are well in line with the provisions of applicable rules.

2. Rule 8 of Pakistan Petroleum (E & P) Rules 2001 requires the prior approval of Government for any such assignment. Rule 8 of the Rules 2001 is reproduced as under:

*"A petroleum right or any working interest therein shall not be assigned without the previous consent in writing of the Government".*

3. Both assignment requests have been reviewed thoroughly taking into consideration the technical and financial capabilities and incorporation details of the acquiring company as well as the clearance of Government dues and other obligations by the assigning company. Detailed evaluation of each assignment request and recommendation of the regulator are attached as (Annexure I & II).

4. The case for assignment of 35% working interest of M/s MPCL to M/s SEPL in Hannah Block and 30% working interests of M/s MOL to M/s MPCL in Margala Block, require approval of the Federal Cabinet. The draft Summary for Cabinet for assignment of 35% working interest of M/s MPCL to M/s SEPL in Hannah Block and 30% working interests of M/s MOL to M/s MPCL in Margala Block is attached as (Flag-A).

5. The Prime Minister being Minister In-Charge of Petroleum Division is requested to authorize submission of the Summary (Flag-A) to the Cabinet.

  
(Ali Raza Bhutta)  
Secretary

Secretary to the Prime Minister's, Prime Minister's House, Islamabad  
MoE(PD) Expl-7(3)(MGCL Hanna)/2015-Vol-III dated Islamabad, the 1<sup>st</sup> September, 2022



**Assignment of working interest in Hanna Exploration License/Block.**

Name/ Block No.	Hanna / 3066-4
Operator/Joint Venture Partner	Mari Petroleum Company Limited (MPCL) (100%)
Area	886.65 Km <sup>2</sup>
Districts	Harnai, Mastung, Quetta & Sibi
Province	Balochistan
Grant Date	21-06-2006
Validity Date	20-09-2022
Rule	Pakistan Petroleum (Exploration & Production) Rules 2001
Policy	Pakistan Petroleum (E&P) Policy, 2001 (converted into Policy, 2012)
Current Phase/Term	Phase-I
Assignment of working interest	Assignment of 35% (non-operated) working interests in the Hanna Block from Mari Petroleum Company Limited (MPCL) to Spud Energy Private Limited (SEPL)
Relevant extension rule	<p>Rule-8 of the Rules 2001:  <i>"A petroleum right or any working interest therein shall not be assigned without the previous consent in writing of the Government"</i></p> <p>Rule-9 of the Rules 2001:  <i>"An application by the holder of a petroleum right for consent to the assignment of a petroleum right shall be made in writing addressed to DGPC, and shall be accompanied by a fee of ten thousand rupees. With the application, the applicant shall furnish the like particulars in respect of the proposed assignee as are required to be furnished in the case of applicants for a petroleum right"</i>.</p>

**Recommendation of Petroleum Division**

Considering the request of the company being in line with the rules and requirement the Petroleum Division, in light of rule 8 and 9 of Pakistan Petroleum (E & P) rules 2001, recommends the assignment of M/s MPCL's 35% working interest to M/s SEPL, in the Hanna Block subject to the conditions that:

- a. M/s SEPL will submit an irrevocable Bank Guarantee corresponding to their acquired working interests in Hanna Block, before the execution of the Deed of Assignment, against the work commitment.
- b. In case of any miscommunication / misinterpretation, withholding of information and concealment of facts or any default thereof shall render the consent and approval null and void and assignor and/ or assignee shall be responsible for the same and will be liable to pay any penalty as decided by the Authority.
- c. The Governments revenue will not be adversely affected after this Assignment.



# Mari Petroleum Company Limited

21 Mauvo Area, 3rd Road, G-10/4, Islamabad-44000, Pakistan.  
UAN: +92-51-111-410-410 Fax: +92-51-2352050 P.O. Box No.1614

www.mpcl.com.pk

HTN: 1414673-8  
GST No. 07-01-2710-030-73

MPCL/BDC/Hanna/051  
13<sup>th</sup> April, 2022

Director General Petroleum Concession (DGPC)  
Directorate General of Petroleum Concession,  
Ministry of Energy (Petroleum Division),  
3<sup>rd</sup> Floor, Petroleum House, Sector G-5/2, Islamabad.

**Subject: Assignment of Working Interest in Hanna Block (No. 3066-4) to Spud Energy Pty Limited**

Dear Sir,

This is in reference to assignment of 35% (non-operated) Working Interest to Spud Energy Pty Limited (SEPL) in Hanna Block (No. 3066-4).

The Government vide its letter (no. Expl-7(3) (MGCL-Hanna)/2015-Vol.III) dated 30<sup>th</sup> November, 2021 has regularized EL and granted one year extension to MPCL till September 2022.

Recently, MPCL (upon expression of interest by SEPL) entered into discussions with SEPL for assignment of certain (non-operated) Working Interest out of MPCL's existing 100% Working Interest in the Block.

MPCL now intends to assign 35% (non-operated) Working Interest in the Block to SEPL and therefore hereby submits this application to DGPC pursuant to Article 7 of PCA and Rule 8 and Rule 9 of the Rules 2001 for its approval of the Working Interest assignment.

In this regard, please find enclosed a draft "Deed of Assignment" for assigning 35% (non-operated) Working Interest to SEPL, for your review and approval, along with a copy of payment challan for an amount of PKR 10,000/- on account of fee and application of SEPL for assignment of Working Interest as per First Schedule, pursuant to Rule 9 of the Rules 2001.

We are available if any further information/documentation is required in this regard.

Best regards,

  
Hassan Mehmood  
Director (Business Development & Commercial)

Enclosed: as state above

Copy to: CEO SEPL



#### Daharki Field Office

Daharki, District Ghokki,  
Pakistan.  
UAN: +92-21-111-410-410  
Fax: +92-723-660402

#### Karachi Liaison Office

D-87, Block-4, Kehkashan  
Clifton, Karachi-75500,  
Pakistan. UAN: +92-21-111-410-410  
Fax: +92-21-35870273  
P.O. Box No. 3007

#### Quetta Liaison Office

26, Survey-31,  
Defence Officers Housing Scheme,  
Airport Road, Quetta.  
Tel: +92-81-2021052, 2039790  
Fax: +92-81-2334465



[Draft]

**DEED OF ASSIGNMENT - HANNA BLOCK**

THIS DEED OF ASSIGNMENT (the "Assignment Deed") is executed at Islamabad on this \_\_\_ day of \_\_\_ 2022, by and between:

1. The President of the Islamic Republic of Pakistan, (hereinafter referred to as the "President" (which term shall include his successors in office and assigns) of the First Part); and
2. Mari Petroleum Company Limited, a company incorporated under the laws of Pakistan and having its registered office at 21, Mauve Area, 3rd Road, G-10/4 P.O. Box 1614, Islamabad (hereinafter referred to as "MPCL" which term shall include its successors and assigns) of the Second Part; and
3. Spud Energy Pty Limited, a company existing under the laws of Pakistan, having its registered office at 3<sup>rd</sup> floor, 22 East, Saeed Plaza, Jinnah Avenue, Blue Area, Islamabad, Pakistan (hereinafter referred to as "SEPL" which term shall include its successors and assigns)

(The President, MPCL and SEPL shall hereinafter jointly be referred to as the "Parties" and individually as a "Party")

WITNESSETH:

WHEREAS, on 21<sup>st</sup> June, 2006 the President granted a Petroleum Exploration Licence No. 383/PAK/2006 (the "License") in respect of Block No. 3066-4 (Hanna) (the "Block") to the ~~Farmer~~ MPCL in accordance with the provisions of Pakistan Petroleum (Exploration & Production) Rules 2001 (the "Rules");

WHEREAS, simultaneous with the grant of the License, the President and the ~~Farmer~~ MPCL, as the Operator, executed the Petroleum Concession Agreement dated 21<sup>st</sup> June, 2006 in respect of the Block as supplemented and amended thereafter from time to time (the "PCA") with the Joint Operating Agreement (the "JOA") annexed thereto to be signed between the Working Interest Owners ("WIOs").

WHEREAS, the Securities & Exchange Commission of Pakistan vide Certificate of Incorporation of Change of Name bearing Corporate Universal Identification No. 001 2471 dated 19<sup>th</sup> November, 2012 certified the name of Mari Gas Company Limited (MGCL) as Mari Petroleum Company Limited (MPCL) as intimated to DGPC vide letter MPCL/BDM/SA/59 dated 18<sup>th</sup> March, 2013. Subsequently the President and MPCL executed a Supplemental Agreement to PCA (the "Supplemental Agreement to PCA") dated 27<sup>th</sup> September, 2013 reflecting the change of name of MGCL to MPCL w.e.f. November 19, 2012.

WHEREAS, a supplemental agreement to PCA (the "Supplemental Agreement to PCA") dated 15<sup>th</sup> April, 2015, was executed with the Government for conversion of the Block to Pakistan Petroleum Exploration and Production Policy 2012. The License, PCA, JOA, Supplemental Agreement to PCA and all annexures and appendices as amended from time to time and related or subsequent approvals in relation thereto, shall hereinafter collectively be referred to as the "Concession Documents".

WHEREAS, MPCL holds 100% of the rights and obligations in the Block pursuant to the Concession Documents and has agreed to assign thirty five percent (35%) of its Working Interest (the "Assigned Interest") to SEPL (the "Assignment"), and SEPL has agreed to take and accept such Assigned Interest from the Assignment Date (as defined below) and a similar undivided interest in the Joint Operations and Joint Property arising under the Concession Documents;

AND WHEREAS, the Government has granted its consent to MPCL for Assignment of the Assigned Interest to SEPL as required under Article 7-VII of the PCA and Rule 8 and 9 of the Rules.

NOW THEREFORE, in consideration of the premises and the mutual covenants set out in this Assignment Deed, the Parties agree as follows:

1. This Assignment Deed is and shall construed as a deed supplemental to and amending, in part, the Concession Documents. Except as expressly amended in this Assignment Deed, the Concession Documents shall remain in full force and effect according to their respective provisions.
2. Words and expressions defined in the Concession Documents and not otherwise defined in this Assignment Deed shall have the same meanings ascribed to them in the Concession Documents. Reference to an Article mean Article of this Assignment Deed, unless otherwise identified. The singular includes the plural and vice versa.
3. In this Assignment Deed unless the context otherwise requires the "Assignment Date" means 1st October, 2021.
4. As of the Assignment Date, in consideration of mutual covenants MPCL hereby assigns to and vests in SEPL, and SEPL hereby takes and accepts the assignment of Assigned Interest under the Concession Documents and similar undivided interest in the Joint Property and Joint Operations arising under the Concession Documents, subject to the condition that SEPL shall be responsible for its proportionate share of rights and obligations accruing on or after the Assignment Date, and MPCL shall be responsible for all liabilities and obligations occurring prior to the assignment date.
5. The Parties shall be entitled to all rights and privileges and shall be subject to all obligations and liabilities relating to the Working Interests being assigned hereunder in accordance with the same provisions, conditions and limitations of the Concession Documents
6. As a result of the foregoing assignment, MPCL and SEPL shall from the Assignment Date own and be entitled to the percentage Working Interests under the Concession Documents and proportionate undivided interests in the Joint Property and the Joint Operations in the Block as specified below:

Working Interest Owners

MPCL (Operator)

SEPL

Working Interest

65%

35%



7. The Parties hereby agree and declare that all the requirements of the Rules and the Concession Documents relating to the assignment of the Working Interest being assigned hereunder have been fulfilled in accordance with the provisions thereof.
8. Without prejudice to the generality of the foregoing, certain amendments are also made in the Concession Documents as set forth in the "SCHEDULE OF THE ASSIGNMENT DEED" annexed herewith.
9. The Parties ratify and confirm the Concessions Documents as amended by this Assignment Deed in accordance with the "SCHEDULE OF THE ASSIGNMENT DEED" annexed herewith.
10. This Assignment Deed shall be governed by and shall be given effect to under the laws of Pakistan.

IN WITNESS WHEREOF, the Parties hereto have executed this Assignment Deed on the date first above written.

Signed for and on behalf of  
The President of the Islamic Republic of Pakistan

By: \_\_\_\_\_

Witness

Name :

CNIC :

Signed for and on behalf of  
Mari Petroleum Company Limited

By: \_\_\_\_\_

Witness

Name :

CNIC :

\_\_\_\_\_  
Witness

Name :

CNIC :

\_\_\_\_\_  
Witness

Name :

CNIC :

Signed for and on behalf of  
Spud Energy Pty Limited

By: \_\_\_\_\_

\_\_\_\_\_  
Witness

Name :

CNIC :

\_\_\_\_\_  
Witness

Name :

CNIC :



SCHEDULE OF THE ASSIGNMENT DEED  
(This Schedule shall form part of the Assignment Deed)

PART A:

The Exploration License shall be amended as follows:

- a. On the title page of Exploration License, Insert SEPL as party after MPCL.
- b. In first paragraph of License, after the description of MPCL, the description of SEPL is hereby inserted to the following effect:

"and

"Spud Energy Pty Limited, a company existing under the laws of Pakistan, having its registered office at 3rd floor, 22 East, Saeed Plaza, Jinnah Avenue, Blue Area, Islamabad, Pakistan (hereinafter referred to as "SEPL" which term shall include its successors and assigns) OF THE THIRD PART."

- c. In the first paragraph of the License insert the wording "and SEPL" after the wording "AND MPCL".
- d. In the terms and conditions Clause-1 under the heading "Company" and "Working Interest", amend the entries as follows:

<u>Company</u>	<u>Working Interest%</u>
"MPCL	65%
SEPL	35%"

- e. Every reference to MPCL, in the License in their capacity as Licensee is hereby amended to include a reference to SEPL also.

PART B:

The Petroleum Concession Agreement "PCA" shall be amended as follows:

- a. On the title page of PCA, Insert "SEPL" as party after MPCL.
- b. In the first paragraph, after the description of MPCL and occurrence of the words "of the second part;" the description of SEPL is inserted to the following effect:

"and Spud Energy Pty Limited, a company existing under the laws of Pakistan, having its registered office at 3rd floor, 22 East, Saeed Plaza, Jinnah Avenue, Blue Area, Islamabad, Pakistan (hereinafter referred to as "SEPL" which term shall include its successors and assigns) of the third part."

- c. In Article 5.1, the "Working Interests throughout the Area" shall be read as follows:

"MPCL : 65%  
SEPL : 35%"

d. With respect to Article 30.3 of the PCA, following address of SEPL shall be inserted after 30.3(b):

"(c) In the case of SEPL to:  
3rd floor, 22 East, Saeed Plaza, Jinnah Avenue, Blue Area, Islamabad  
Attention: Chief Executive Officer  
Telephone: (to be inserted)  
Fax Number: (to be inserted)"

e. Wherever the words "Marl Petroleum Company Limited" and/or "MPCL", is appearing, insert thereafter the words "Spud Energy Pty Limited" and/or "SEPL", as appropriate.

f. Excluding the preamble, to the PCA and Article 2.2(a), each and every reference to "MPCL" in the Petroleum Concession Agreement (including recitals thereto) shall be immediately followed by words in each and every instance "and SEPL".

PART C:

The Joint Operating Agreement "JOA" shall be amended to the following extent:

a. On the title page of the JOA, insert "SEPL" as party after MPCL.

b. In the first paragraph, after the description of MPCL, replace the wording "2. XYZ having its registered office at \_\_\_\_\_, Pakistan (hereinafter referred to as "XYZ" which expression shall include its successors and assigns)" with the following wording:

"2. Spud Energy Pty Limited, a company existing under the laws of Pakistan, having its registered office at 3rd floor, 22 East, Saeed Plaza, Jinnah Avenue, Blue Area, Islamabad, Pakistan (hereinafter referred to as "SEPL" which term shall include its successors and assigns)."

c. Except in Article 5.1 of the JOA, wherever the words "Marl Petroleum Company Limited" and/or "MPCL" is appearing, insert thereafter the words "Spud Energy Pty Limited" and/or "SEPL", as the context requires.

This Schedule of the Deed of Assignment ends here.

APPLICATION FOR AN EXPLORATION LICENSE

1. Name of the applicant in full

Spud Energy Pty Limited

2. (A) Particulars of the Company:

(a) Principal Place of business

Australia

(b) If principal place of business is outside Pakistan, name and address of duly authorized agent in Pakistan

Muhammad Nadeem Farooq  
3<sup>rd</sup> Floor, 22 East  
Saeed Plaza, Jinnah Avenue,  
Blue Area, Islamabad, Pakistan

(c) Nature of business

Oil and Gas Exploration and Production

(d) Authorized, subscribed and paid up capital of the company

Authorized Capital	Subscribed and Paid-up Capital
Unlimited	AUD 72,045,286 (Australian Dollar Seventy Two Million Forty Five Thousand Two hundred and Eighty Six Only). 72,045,286 ordinary shares of par value AUD 1.0/- each

(e) Names of directors

Nationality

Mr. Nadeem Farooq  
Syed Hasan Akbar Kazmi  
Mr. Iain Spittal

Pakistani  
Pakistani  
Australian

(f) Names of principal shareholders

Amount of Shareholding

Jura Energy Corporation (JEC)

100%



(B) Provide a copy of Articles and Memorandum of Association alongwith Certificates of incorporation and annual audited reports of last three years of all the applicants:

Enclosed

3. State whether a Reconnaissance Permit, Exploration License or a Petroleum Development and Production Lease is required

Exploration License

4. Period of which the Petroleum right is required

The remaining term of the License (License No. 383/PAK/2006)

5. Situation and approximate size of the area or areas for which Application is made

Hanna Exploration License, License No. 383/PAK/2006, Baluchistan, Area 886.65 Sq.Km

6. Brief Particulars of Previous experience in Petroleum exploration, field development and production work in Pakistan and abroad

SEPL is operating in Pakistan since 1996. To date SEPL has invested approximately USD 50 million in Pakistan. SEPL currently hold working interest in following:

Exploration licenses/leases	Working Interest	Operator
<b>Producing</b>		
Zarghun South lease	40.00%	Mari Petroleum Company Limited
Retl lease	10.66%	Oil and Gas Development Company Limited
Maru lease	10.66%	Oil and Gas Development Company Limited
Maru South lease	10.66%	Oil and Gas Development Company Limited
Maru East discovery	10.66%	Oil and Gas Development Company Limited
Khamiso discovery	10.66%	Oil and Gas Development Company Limited
Umair discovery	10.66%	Oil and Gas Development Company Limited
Sara lease	60.00%	Spud Energy Pty Limited
Suri lease	60.00%	Spud Energy Pty Limited
<b>Exploration</b>		
Guddu exploration license	13.50%	Oil and Gas Development Company Limited
Zamzama North exploration license	24.00%	Heritage Oil and Gas Limited
Nareli exploration license	29.00%	Mari Petroleum Company Limited

7. Name and qualifications of managerial personnel intended to be used in the operations

Name	Qualification
Muhammad Nadeem Farooq	ACA
Muhammad Arif Siddiq	ACA
Dr. Shakeel Ahmed	BSc, MSc and PhD - Petroleum Engineering
Asif Mahmood Malik	BSc Electrical Specialized in Communication
Qaisar Waseem	MSc Geophysics, Post Graduate Certificate - Petroleum Engineering

8. State amount of capital for operations under the petroleum right applied for:

a. At present available

Spud Energy Pty Limited has working interest in 9 producing gas fields. The operating cashflows of the Company will be sufficient to fund the capital required for the operation under the Petroleum rights applied for.

b. Which applicant can make available and the source

Sufficient capital will be made available from the Company.

c. The applicant must provide documentary evidence alongwith application to substantiate the above information to the satisfaction of the Government


Please refer Financial Statements

9. The applicant shall submit in addition the data referred to in Exhibit-I to this schedule.

Exhibit-I is enclosed herewith.

We hereby declare that all the foregoing particulars are correct.

Furthermore, we hereby declare that we will abstain from all political activities whatsoever affecting the sovereignty or security of Pakistan or such as may be tantamount to interference in its internal affairs and that especially we will eschew all espionage.



Signature

Date April 11, 2022

Applicant(s): Spud Energy Pty Limited

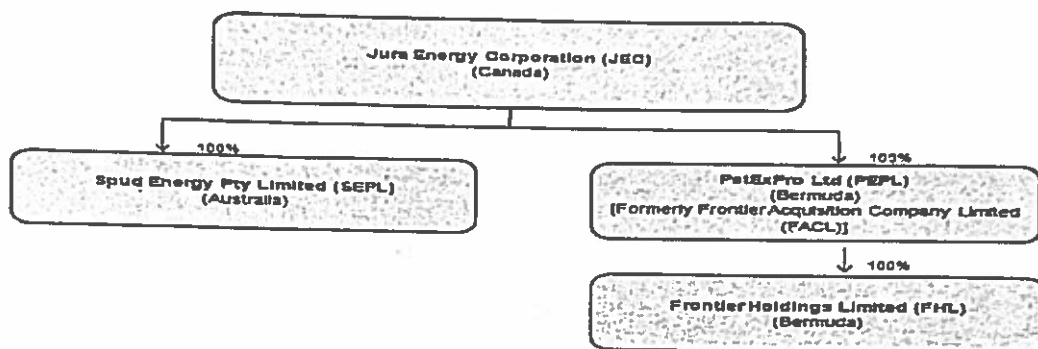
Designation: Chief Executive Officer

**PARTICULARS TO BE FURNISHED BY APPLICANT**

**1. Information about the applicant:**

Economic Data-worldwide- for the applicant, his ultimate parent company and the group of companies controlled by the parent company:

The group structure of the Company is as indicated below:



**1. Total investment in Petroleum activities split on the following items:**

**(a) Exploration**

2018	2019	2020
US\$ "Million"		
2.55	0.46	0.81

**(b) Production**

2018	2019	2020
US\$ "Million"		
4.48	5.74	6.93

**(c) Transportations Systems**

Not applicable

**(d) Refining and Processing**

Not applicable

**(e) Marketing**

Not applicable

**2. The total turnover of the group as well as the turnover with regard to petroleum activities.**

2018	2019	2020
US\$ "Million"		
12.34	11.89	22.73



## 3. Net income after taxes of the group.

2018	2019	2020
US\$ "Million"		
0.01	(0.22)	3.85

## 4. Total value of assets of the group.

2018	2019	2020
US\$ "Million"		
53.89	55.61	63.91

## 5. Profitability indicators, including the following:

- Earnings per share of the group
- Return on common equity of the group
- Return on total capital employed of the group

Ratios	2018	2019	2020
Earnings per share - US\$	0.00	(0.00)	0.06
Return on common equity - %	0.01%	-0.33%	5.91%
Return on Capital employed - %	2.25%	11.34%	17.77%

Operational Data-worldwide- for the applicant, his ultimate parent company and the group of companies controlled by the parent company:

## 1. Production of oil and gas of the group:

	Onshore			Offshore
	2018	2019	2020	
Gas (BCF)	2.76	2.47	4.81	Nil
Oil (BBLs)	792.4	744.4	7,574.1	Nil

## 2. Refining Capacity (1000 bbl/day)

Not applicable

## 3. Sale of Petroleum Products of the group:

	Onshore			Offshore
	2018	2019	2020	
Gas (BCF)	2.61	2.36	4.64	Nil
Oil (BBLs)	792.4	744.4	6,513.5	Nil

## 4. Number of Exploration wells and Appraisal Wells of the group:

Years	Status	Exploration Wells		Appraisal & Development Wells	
		Onshore	Offshore	Onshore	Offshore
2018	Operator	-	-	-	-
	Non-Operator	1	-	-	-
2019	Operator	-	-	-	-
	Non-Operator	-	-	-	-
2020	Operator	-	-	-	-
	Non-Operator	1	-	-	-
Total Wells	Operator	-	-	1	-
	Non-Operator	2	-	-	-
				1	-

5. Number of Employees in Petroleum Activities

7

2. Information Concerning the areas (blocks)

a) Indication of areas (blocks) applied for.

Not applicable

b) If the applicant applies for more than one area (block) the priority assigned to the different areas (blocks) must be given.

Not applicable

c) The applicant must state the percentage participating interest applied for in the different areas (blocks).

Not applicable

d) The applicant must state if he applies for operatorship on any or all of the areas (blocks) applied for.

Not applicable

e) Information given in sub-items 2 a-d and item 3 shall be summarized in a separate form.

Not applicable

f) The applicant must comprise information about the geological and geophysical material and parameters upon which the application is based, accompanied by structural maps.

Not applicable

3. Proposed Work Programme, Economic Terms, etc:

a) The work programme for each of the area (blocks) applied for, including the size of seismic grid, number of exploration wells with indication of depths and/or geological horizons to be penetrated in each exploration well, and the minimum financial amount to be allocated to and spent on exploration activities.

Not applicable

b) Any additional royalty or other economic compensation offered; and

Not applicable

c) The participating interest offered to the Government or the Oil and Gas Development Corporation.

Not applicable



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

ACKNOWLEDGEMENT OF FILING

Registration No. 0071478

Dated. 29/01/2010

In the matter of (SPUD ENERGY PTY LIMITED), (7TH FLOOR, THE FORUM,  
BLOCK 9, CLIFTON, KARACHI)

The receipt of the under mentioned document(s) filed, registered and recorded pursuant to the provisions of the Companies Ordinance, 1984 (XLVII of 1984), is hereby acknowledged:-

1. Form 38 - Documents (Charter/Statute/Memorandum and Articles, etc) delivered for registration by a foreign company dated 29/01/2010
2. Form 39 - Return showing address of the registered or principal office of a foreign company dated 29/01/2010
3. Form 40 - Return showing particulars of Directors, Chief executive and Secretaries (if any) of a foreign company dated 29/01/2010
4. Form 41 - Return showing particulars of principal officer of a foreign company dated 29/01/2010
5. Form 42 - Return showing particulars of person resident in Pakistan authorized to accept services on behalf of a foreign company dated 29/01/2010
6. Form 43 - Return showing address of the principal place of business in Pakistan of a foreign company dated 29/01/2010

  
(Muhammad Naeem Khan)  
Joint Registrar of Companies

Fee Rs. 56000/-





A

Form 204

PATRICIA HOLDINGS PTY LIMITED  
ATTN: ROSS DALGLEISH  
P O BOX 831  
NEUTRAL BAY JUNCTION NSW 2089

remove this top section if desired before framing

# Certificate of Registration of a Company

Corporations Law Sub-section 121(1)

This is to certify that

**NOVUS PAKISTAN PTY LTD**

Australian Company Number 073 847 613

is a registered company under Division 1 of Part 2.2 of the  
Corporations Law of New South Wales and because  
of its registration it is an incorporated company.

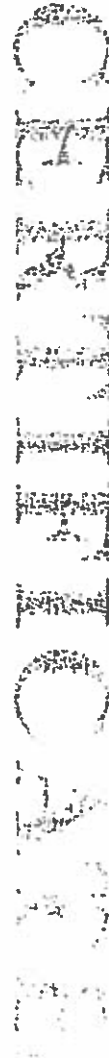
The company is limited by shares.

The company is a proprietary company.

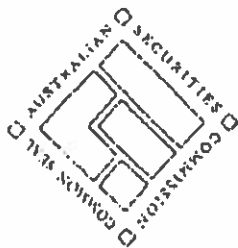
The day of commencement of registration is  
the second day of May 1996.



AUSTRALIAN  
SECURITIES  
COMMISSION



Given under the seal of the  
Australian Securities Commission  
on this second day of May, 1996.



*Alan Cameron*

Alan Cameron  
Chairman

NOVUS PAKISTAN PTY LTD  
13 Lester Road  
GREYSTANES NSW 2145

Remember that this is not a document but a certificate

## Certificate of Registration on Change of Name

This is to certify that

NOVUS PAKISTAN PTY LTD

Australian Company Number 073 847 613

did on the fourteenth day of April 2005 change its name to

SPUD ENERGY PTY LIMITED

Australian Company Number 073 847 613

The company is a proprietary company.

The company is limited by shares.

The company is registered under the Corporations Act 2001 and  
is taken to be registered in New South Wales and the date  
of commencement of registration is the second day of May, 1996.

Issued by the  
Australian Securities and Investments Commission  
on this fourteenth day of April, 2005.



Jeffrey Lucy  
Chairman



CERTIFICATE

Assignment of working interest in Margala Exploration License/Block.

Name/Block No.	Margala / 3372-20
Operator/Joint Venture Partner	MOL Pakistan (70%), Pakistan Oilfields Limited (30%)
Area	1847.18 Km <sup>2</sup>
Districts	Islamabad, Rawalpindi, Haripur, Abbotabad, Attock
Province	Punjab/KP
Grant Date	08-11-2006
Validity Date	31-12-2022
Rule	Pakistan Petroleum (Exploration & Production) Rules 2001
Policy	Pakistan Petroleum (E&P) Policy, 2001 (converted into Policy, 2012)
Current Phase/Term	Phase-I
Assignment of working interest	Assignment of 30% working interests in Margalla Block from M/s MOL Pakistan to M/s Mari Petroleum Company Limited (MPCL).
Relevant extension rule	<p>Rule-8 of the Rules 2001:  <u>"A petroleum right or any working interest therein shall not be assigned without the previous consent in writing of the Government"</u></p> <p>Rule-9 of the Rules 2001:  <u>"An application by the holder of a petroleum right for consent to the assignment of a petroleum right shall be made in writing addressed to DGPC, and shall be accompanied by a fee of ten thousand rupees. With the application, the applicant shall furnish the like particulars in respect of the proposed assignee as are required to be furnished in the case of applicants for a petroleum right"</u>.</p>

Recommendation of Petroleum Division

Considering the request of the company being in line with the rules and requirement, the Petroleum Division in light of rule 8 and 9 of Pakistan Petroleum (E & P) rules 2001, recommends the assignment of M/s MOL's 30% working interest in the Margala Block to M/s MPCL, subject to the conditions that:

- M/s MPCL will submit an irrevocable Bank Guarantee corresponding to their acquired working interests in Margala Block, before the execution of the Deed of Assignment, against the work commitment.
- In case of any miscommunication / misinterpretation, withholding of information and concealment of facts or any default thereof shall render the consent and approval null and void and assignor and/ or assignee shall be responsible for the same and will be liable to pay any penalty as decided by the Authority.
- The Governments revenue will not be adversely affected after this Assignment.

**Assignment of working interest in Margala Exploration License/Block.**

Name/Block No.	Margala / 3372-20
Operator/Joint Venture Partner	MOL Pakistan (70%), Pakistan Oilfields Limited (30%)
Area	1847.18 Km <sup>2</sup>
Districts	Islamabad, Rawalpindi, Haripur, Abbotabad, Attock
Province	Punjab/KP
Grant Date	08-11-2006
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- M/s MPCL will submit an irrevocable Bank Guarantee corresponding to their acquired working interests in Margala Block, before the execution of the Deed of Assignment, against the work commitment.
- In case of any miscommunication / misinterpretation, withholding of information and concealment of facts or any default thereof shall render the consent and approval null and void and assignor and/ or assignee shall be responsible for the same and will be liable to pay any penalty as decided by the Authority.
- The Governments revenue will not be adversely affected after this Assignment.



Date: June 3<sup>rd</sup>, 2022  
Ref: MOL/20703/2022

Director General Petroleum Concessions  
Ministry of Petroleum & Natural Resources  
3<sup>rd</sup> Floor Petroleum House  
Ataturk Avenue G-5/2,  
Islamabad

Subject: Margala Block- Assignment of 30% Working Interest to MPCL

Dear Sir,

This refers to Margala Exploration License No. 382/Pak/2006 (Block 3372-2) and Petroleum Concession Agreement dated 8<sup>th</sup> November 2006.

In terms of Article 7.2 of the PCA the Operator proposes to assign 30% working interest in Margala Block from its current working interest of 70%, to Mari Petroleum Company Limited (MPCL), a company existing under the laws of Pakistan, with its registered office at 21 Mauve Area, 3<sup>rd</sup> Road, G-10/4, Islamabad.

In accordance with the Rules, we seek your consent on the subject assignment and approval of draft Deed of Assignment for its final execution. Accordingly, following documents are enclosed to proceed further in the matter;

- Appendix A - Draft Deed of Assignment
- Appendix B - MPCL's Consent – Second Schedule along with required supporting documents
- Appendix C - Status of Obligations
- Appendix D - Bank Draft valuing Rs. 10,000/- on account of application fee

We will be grateful to receive your approval at the earliest.

Sincerely,



Ali Murtaza Abbas  
MOL Group Regional Vice President  
Middle East, Africa, and Pakistan

CC:

1. Mr. Faheem Haider, MD/ CEO MPCL, Islamabad
2. Mr. Sajid Nawaz, MD POL, Morgah, Rawalpindi

[stamp paper]

**DEED OF ASSIGNMENT**  
**(MARGALA BLOCK 3372-20)**

This deed of assignment ("Deed of Assignment") is made at Islamabad on this \_\_\_\_ day of \_\_\_\_ 2022, by and between:

1. The President of the Islamic Republic of Pakistan (hereinafter referred to as the "President", which expression shall include its successors in office and assigns);
2. MOL Pakistan Oil and Gas Company B.V., a company incorporated in the Netherlands, having a branch office at Stock Exchange Towers, Floor No.17, 55-B Jinnah Avenue, Islamabad, Pakistan (hereinafter referred to as "MOL", which expression shall be deemed to mean and include its successors and assigns);
3. Pakistan Oilfields Ltd company incorporated in Pakistan, having its registered office at POL House, Morgah, Rawalpindi (hereinafter referred to as "POL", which expression shall include its successors and assigns); and
4. Mari Petroleum Company Ltd, a company incorporated in Pakistan, having its registered office at 21 Mauve Area, 3<sup>rd</sup> Road, G-10/4, P.O. Box 1614, Islamabad (hereinafter referred to as "MPCL", which expression shall include its successors and assigns);

The President, MOL, POL and MPCL are hereinafter individually referred to as a "Party" and jointly as the "Parties".

**RECITALS**

WHEREAS, on 8<sup>th</sup> November 2006, the President granted Exploration Licence No. 384/PAK/2006 (the "Licence") to MOL for the area identified as Block 3372-20 Margala (the "Concession Area") in accordance with the provisions of Pakistan Petroleum (Exploration & Production) Rules, 2001 (the "Rules");

WHEREAS, simultaneously with the grant of the Licence, the President and the MOL executed the Petroleum Concession Agreement dated 8<sup>th</sup> November 2006 as supplemented and amended thereafter from time to time (the "PCA") with the Joint Operating Agreement (the "JOA") annexed thereto to be signed between the Working Interest Owners. MOL was appointed as Operator under the PCA.

WHEREAS, through agreement for assignment of Working Interest signed on 1<sup>st</sup> June 2007, effective 8<sup>th</sup> November 2006, MOL assigned 30% of its undivided Working Interest to POL. The License, PCA, and JOA and all related or subsequent approvals in relation thereto, said assignment agreement and amendments thereof are collectively referred to as the "Concession Documents".

WHEREAS, as of the date of this Deed of Assignment, MOL holds seventy per cent (70%) of the rights and obligations in the Concession Area pursuant to the Concession Documents;

and has agreed to assign 30% of its Working Interest ("Transferred Interest") to MPCL (the "Assignment") and MPCL has agreed to take and accept such Assignment and a similar undivided interest in the Joint Operations and Joint Property arising under the Concession Documents.

AND WHEREAS, the Government has granted its consent to MOL for the proposed Assignment of the Transferred Interest to MPCL as required by Article VII of the PCA and by Rule 8 of the Rules.

NOW THEREFORE, in consideration of the mutual covenants set out in this Deed of Assignment, the Parties agree that:

#### Article 1

- 1.1. This Deed of Assignment is and shall be construed as a deed supplementing and amending, in part, the Concession Documents ~~in accordance with the relevant provisions of Article VII of the PCA and Article 12 of the JOA~~. Except as expressly amended by this Deed of Assignment, the Concession Documents remain in full force and effect according to their respective provisions.
- 1.2. Words and expressions defined in the Concession Documents and not otherwise defined in this Deed of Assignment, shall have the same meaning as in the Concession Documents. References to Articles shall mean Articles of this Deed of Assignment, unless otherwise identified. The singular includes the plural and vice versa.
- 1.3. In this Deed of Assignment unless the context otherwise requires the "Assignment Date" means [to be inserted as the Execution Date of Farm-out Agreement].

#### Article 2

- 2.1. The Parties ratify and confirm the Concession Documents as amended by this Deed of Assignment in accordance with the attached Schedule duly initialed by all the Parties for identification purposes.

#### Article 3

As of the Assignment Date:

- 3.1. In consideration of mutual covenants, MOL hereby assigns to and vests in MPCL and MPCL hereby takes and accepts the Transferred Interest and a proportionate 30% undivided interest in the Joint Operations and Joint Property arising under the Concession Documents subject to the condition that MPCL shall only be responsible for its proportionate share of rights, obligations and liabilities accruing on or after the Assignment Date and MOL shall remain responsible for all liabilities and obligations accruing or otherwise related to the period prior to the Assignment Date.
- 3.2. As a result of the foregoing the Parties shall, from the Assignment Date, own and be entitled to the percentage Working Interest under the Concession Documents and proportionate undivided interests in the Joint Property and Joint Operations specified below, namely:

MOL (Operator):	40%
POL:	30%
MPCL:	<u>30%</u>
	100%

#### Article 4

##### As of the Assignment Date:

- 4.1 MPCL shall be entitled to all rights and privileges and shall be subject to all obligations and liabilities in respect of the Transferred Interest under the Concession Documents arising from the Assignment Date and MOL shall be released from all further obligations and liabilities in respect to the Transferred Interest after the Assignment Date.
- 4.2 Each of the Parties consents to and approves the assignments provided in Article 3, above.
- 4.3 In the event, the Government requires submission of any guarantee under Concession Documents for work commitments, then the Parties shall be liable to submit the same as per their proportionate Working Interest.

#### Article 5

- 5.1 The Parties agree to promptly execute and deliver any documents or instruments required to effectuate or to give further assurance for confirming the Assignment, acceptance and assumption herein described, and the amendments hereby required.

#### Article 6

- 6.1 This Deed of Assignment is supplemental to the Concession Documents, which shall stand amended as provided in the Schedule hereto and as so amended shall remain in full force and effect.
- 6.2 This Deed of Assignment shall be governed and shall be given effect to under the Laws of Pakistan.
- 6.3 This Deed of Assignment shall not confer any rights or remedies upon any person other than the Parties and their respective successors and permitted assigns.
- 6.4 No amendment, modification, addition or otherwise change to the Deed of Assignment shall be effective or binding on any Party unless consented to in writing by all the Parties.
- 6.5 Any dispute or difference between the Parties with respect to any matter pertaining to the Deed of Assignment shall be settled in accordance with the provisions set out in the Concession Documents.



IN WITNESS WHEREOF the parties hereto have signed this Deed of Assignment as of the date hereinabove first written.

For and on behalf of the  
PRESIDENT OF THE ISLAMIC REPUBLIC OF PAKISTAN

By: \_\_\_\_\_

WITNESS:

1. \_\_\_\_\_

2. \_\_\_\_\_

For and on behalf of the  
MOL PAKISTAN OIL AND GAS COMPANY B.V.

By: \_\_\_\_\_

WITNESS:

1. \_\_\_\_\_

2. \_\_\_\_\_

For and on behalf of the  
PAKISTAN OILFIELDS LIMITED

By: \_\_\_\_\_

WITNESS:

1. \_\_\_\_\_

2. \_\_\_\_\_

For and on behalf of  
MARI PETROLEUM COMPANY LIMITED

By: \_\_\_\_\_

WITNESS:

1. \_\_\_\_\_

2. \_\_\_\_\_

**SCHEDULE OF THE DEED OF ASSIGNMENT**  
(This Schedule shall form part of Deed of Assignment)

**PART A**

The License shall be amended as follows:

1. On the title page, after the words "PAKISTAN OILFIELDS LIMITED" insert the words "AND MARI PETROLEUM COMPANY LIMITED".
2. In the description of Licensees, after the words "which expression shall include its successors and assigns), add the following:  
"and Mari Petroleum Company Ltd, a company incorporated in Pakistan, having its registered office at 21 Mauve Area, 3<sup>rd</sup> Road, G-10/4, P.O. Box 1614, Islamabad (hereinafter referred to as "MPCL").
3. In Article-1 of the terms and conditions of the License, the Working Interest of the party(ies) should read as follows:

<u>Company(ies)</u>	<u>Working Interest</u>
MOL Pakistan Oil and Gas Company B.V.	40% (Operator)
Pakistan Oilfields Limited	30%
Mari Petroleum Company Limited	30%

4. In Article-4, at the end of table, replace the words "and POL" with ", POL and MPCL" in table note.
5. Every reference to MOL and POL in the License in their capacity as Licensees is hereby amended to include a reference to MPCL.

**PART B**

The Petroleum Concession Agreement (PCA) shall be amended as follows:

1. On the title page, after the words "PAKISTAN OILFIELDS LIMITED" insert the words "AND MARI PETROLEUM COMPANY LIMITED".
2. In the preamble, after the words "third part", insert the following:  
"and Mari Petroleum Company Ltd, a company incorporated in Pakistan, having its registered office at 21 Mauve Area, 3<sup>rd</sup> Road, G-10/4, P.O. Box 1614, Islamabad (hereinafter "MPCL", which expression shall include its successors and assigns) of the fourth part."
3. In recitals 2, 3 and 4, replace "and POL" with ", POL and MPCL".
4. On the first page, after the words "NOW THEREFORE, THE PRESIDENT", replace

the words "and MOL and POL" with ", MOL, POL and MPCL".

5. In Articles 2.1 and 3.3, replace "and POL" with ", POL and MPCL".
6. In Article 3.1, replace "and POL and GHPL (if applicable)" with ", POL and MPCL and GHPL (if applicable)".
7. In Article 5.1, amend the Working Interest with the following:

MOL (Operator)	40%
POL	30%
MPCL	30%

8. In Article 30.3, after paragraph (c), add the following as paragraph (d):

"In the case of MPCL to:

Mari Petroleum Company Limited  
21 Mauve Area, 3<sup>rd</sup> Road, G-10/4, P.O. Box 1614, Islamabad  
Attention: Managing Director  
Tel: 051-2352855  
Fax: 051-2352848"

9. In Annex 1, insert after "MOL", the following: ", POL and MPCL".
10. Excluding the preamble to the PCA, Article 2.2 (a) and 30.3, each and every reference to "MOL and POL" in the Concession Agreement (including the recitals thereto) shall be immediately followed by words in each and every instance "and MPCL".
11. Every reference to MOL and POL in the PCA in their capacity as Working Interest Owners is hereby amended to include a reference to MPCL.

### PART C

The Joint Operating Agreement shall be amended as follows:

1. At the end of the preamble, following the description of Pakistan Oilfields Ltd, the description of MPCL is inserted as follows:

"Mari Petroleum Company Ltd, a company incorporated in Pakistan, having its registered office at 21 Mauve Area, 3<sup>rd</sup> Road, G-10/4, P.O. Box 1614, Islamabad (hereinafter referred to as "MPCL", which expression shall include its successors and assigns)."
2. In Article 3.1, first line, replace "and POL and GHPL (if applicable)" with ", POL and MPCL and GHPL (if applicable)".
3. Except Article 5.1 of the JOA, wherever the word "MOL and POL" is used, the word "MPCL" shall be included as the context so requires.
4. In Appendix A, Accounting Procedure, on page 97, after "AND PAKISTAN OILFILEDS LIMITED" insert "AND MARI PETROLEUM COMPANY LIMITED".



Expl-7(3)(MGCL Hanna)/2015-Vol-III  
Government of Pakistan  
Ministry of Energy (Petroleum Division)  
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SUMMARY FOR THE CABINET

Subject: ASSIGNMENT OF WORKING INTEREST IN EXPLORATION  
LICENSES/BLOCKS

The Directorate General Petroleum Concessions has received two separate requests for assignment of working interests. (i) Assignment of 35% working interests in the Hanna Block from Mari Petroleum Company Limited (MPCL) to Spud Energy Private Limited (SEPL), and (ii) Assignment of 30% working interests in Margalla Block from M/s MOL Pakistan to M/s Mari Petroleum Company Limited (MPCL). The companies have also submitted the draft deeds of assignment for the same. Both Hanna and Margala Blocks are governed by Pakistan Petroleum Exploration and Production Rules 2001. The requests for assignments and the draft Deed of Assignments (DoAs) are well in line with the provisions of applicable rules.

2. Rule 8 of Pakistan Petroleum (E & P) Rules 2001 requires the prior approval of Government for any such assignment. Rule 8 of the Rules 2001 is reproduced as under:

*"A petroleum right or any working interest therein shall not be assigned without the previous consent in writing of the Government"*

3. Both assignment requests have been reviewed thoroughly taking into consideration the technical and financial capabilities and incorporation details of the acquiring company as well as the clearance of Government dues and other obligations by the assigning company. Detailed evaluation of each assignment request and recommendation of the regulator (DGPC) are attached as (Annexures-I and II).

4. The cases for assignment of 35% working interest of M/s MPCL to M/s SEPL in Hannah Block and 30% working interests of M/s MOL to M/s MPCL in Margala Block, require approval of the Federal Cabinet. Therefore, approval of the Cabinet is solicited for the abovesaid assignments, based on the recommendations as detailed in (Annexures-I and II).

5. The Prime Minister as the Minister In-Charge of Petroleum Division has seen and authorized submission of the Summary to the Cabinet.

(Ali Raza Bhutta)  
Secretary

Islamabad, the \_\_\_\_\_, 2022

PRIME MINISTER'S OFFICE  
ISLAMABAD

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Subject: ASSIGNMENT OF WORKING INTEREST IN EXPLORATION LICENCES/BLOCKS

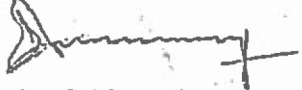
The Prime Minister, being Minister In-charge of Petroleum Division, has seen and is pleased to direct that Petroleum Division shall address the following observations before the Summary is submitted to the Economic Coordination Committee of the Cabinet for its consideration:-

- (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.

Secretary, Petroleum Division

ND:2398/SPM/22

Cc: Secretary, Cabinet Division

  
(Shakeel Ahmed Mangnejo)  
Additional Secretary-II

13-09-2022

14.04.