



OIL & GAS DEVELOPMENT COMPANY LIMITED

TENDER NOTICE

FOR UPLIFTMENT/SALE OF LIQUID PETROLEUM GAS (LPG) FROM NASHPA FIELD

1. Applications are invited from LPG Marketing Company/Companies holding valid LPG Marketing License(s) from OGRA for sale/upliftment of LPG from Nashpa field, District Karak, Khyber Pakhtunkhwa. OGDCL/Seller intends to allocate its share of LPG from Nashpa field in a transparent manner on the basis of non-refundable Signature Bonus for a period of five (05) years. The signature bonus will be payable by the successful LPG Marketing Company through Demand Draft/Pay Order/Cheque in favor of OGDCL in the manner provided in Clause 4 of Tender Notice prior to signing of the Sale/Purchase Agreement (SPA) with OGDCL/Seller.

2. The sale/allocation of LPG will be made for in lots of 5, 10 & 25 Metric tons per day each for a maximum contract period of 05 years (subject to reservoir behavior) on the basis of signature bonus. The marketing company offering the highest signature bonus will be declared successful for the given lot. The remaining bidders in descending order of signature bonus offered will be given the option to match the price of the highest bidder so that remaining quantity of LPG is lifted in lots of 05, 10 & 25 Mt accordingly.

3. Bids must be accompanied with Bid Bond Money (Demand Draft/Pay Order) amounting to Rs 2 (two) Million against lot of 05 Mt and Rs. 5 (five) Million against lot of 10 Mt & 25 Mt in favor of OGDCL. This will be forfeited if the bidder fails or delays to fulfill its obligation under this bidding round. However, there will be no implication if the bidder does not opt beyond its intended lot(s).

4. The Bidders will be required to deposit Signature Bonus in the following manner;

i) The LPG Marketing Company/Companies (bidders) bidding against lot of 05 Mt/day shall deposit full amount of Signature Bonus (Demand Draft/Pay Order) upfront before signing of the SPA.

(ii) The LPG Marketing Company/Companies (bidders) bidding against lot of 10 Mt/day shall deposit 50% of the total Signature Bonus (Demand Draft/Pay Order) upfront before signing of the SPA while the remaining Signature Bonus amount shall be deposited in 02 installments of 25% each in the form of valid postdated cheques due at start of second and third contract year respectively. The buyer must provide these postdated cheques before signing of the SPA.

(iii) Similarly, The LPG Marketing Company/Companies (bidders) bidding against lot of 25 Mt/day shall deposit 40% of total Signature Bonus (Demand Draft/Pay Order) upfront before signing of the SPA while the remaining amount of Signature Bonus shall be deposited in 02 installments of 30% each

in form of valid postdated cheques due at start of second and third contract year respectively. The buyer must provide these postdated cheques before signing of the SPA.

Furthermore, in case postdated signature bonus cheques are dishonored, the supply of LPG shall be terminated immediately. The buyer shall be under obligation to make full payment of the dishonored cheque within 30 days failing which the agreement will be terminated and the deposited signature bonus will be forfeited.

5. All successful LPG Marketing Companies for lot of 25 Mt/day will be required to build their own storage facility outside Nashpa plant (individually or jointly with any other successful LPG Marketing Company(s) at their own cost and free will without assigning of any liability whatsoever to OGDCL within 12 months time in order to receive their daily allocated quota in the designated storage facilities. The storage facility should be a minimum of 250 Mt capacity for the 25 MT/day allocation category. Furthermore, laying of pipeline from downstream flange of OGDCL meter run to buyer storage facilities shall be the responsibility of the buyer at its own cost. Moreover, successful bidder(s) as an interim arrangement can transport LPG through bowzers till the completion of storage facilities in stipulated time.

6. After the payment of non-refundable signature bonus, and on signing of the Sale Purchase Agreement (SPA), successful bidders/buyer(s) bidding against lot of 25 Mt/day shall further provide, Performance Security of Rs. 100 million (in the shape of bank guarantee) for installation/ commissioning of their own storage facility within the stipulated time (refundable after construction / commissioning of designated storage facility). After lapse of 12 month time limit and if the marketing company fails to install /commission storage facility, OGDCL will forfeit the performance security.

7. Upon signing of the Sale Purchase Agreement (SPA), successful bidder(s)/buyer(s) will then have to deposit entire payment (inclusive of taxes, duties, levies & charges, etc) for their allocated share by 28th of every month for the next month. The supplies will only be provided against advance / balance payment available

8. OGDCL/Seller will sell the LPG at applicable price per M. Ton in Pak Rupees as determined and notified by OGDCL/Seller from time to time to all LPG buyers in line with applicable LPG Producer Pricing Policy. The buyers will be responsible to pay all applicable Government taxes, levies, duties, charges, etc. The amount of Signature Bonus being a mechanism of open, competitive, transparent bidding shall not be a component of price and will therefore not be adjustable against monthly price payable for LPG lifted by the purchaser.

9. The Seller/OGDCL reserves the right to postpone, cancel or annul the bidding process at any stage without incurring any liability.

10. Seller has the right to increase / decrease number of lots in each category offered for sale in view of available production.

11. In case of shortfall or uneven production during the contract period, the lot size (05, 10 & 25 Mt) will be adjusted amongst all the successful bidders/buyers evenly.

12. All the prospective bidders shall submit the Bid Money (in shape of Demand Draft / Pay Order) amounting to Rs.2 (two) Million in case of 05 Mt and Rs. 05 (five) Million in case of 10 or 25 Mt lots in favor of OGDCL and clearly mention the size of lot against which the bid is being submitted.

13. Upon completion of the tendering process, the Seller/OGDCL will immediately notify the other bidders that their bids have been unsuccessful and return their Bid Money as promptly as possible, but not later than 30 days of the completion of the said process.

14. The bids will be delivered at the reception of OGDCL House, Jinnah Avenue, Islamabad, Pakistan on or before 1100 hours on 08-02-18. The bids will be opened at 1130hours on 08-02-18. **Any bid received after 11:00 hours on 08-02-18 shall not be entertained.**

15. Complete set of bidding documents including terms and conditions can be downloaded free of cost from the official website (www.ogdcl.com).

16. In view of the security measure, complete name, designation and CNIC No. of your authorized representative desiring to attend the tender opening meeting, must be provided in advance so that our Security/Reception personal are accordingly informed for allowing entry.



TENDER / BID DOCUMENT / INSTRUCTIONS TO
THE BIDDERS
FOR
SALE OF LIQUID PETROLEUM GAS (LPG) FROM NASHPA FIELD

1. The Oil & Gas Development Company Limited(hereinafter the “**Seller**”) desires to offer sale of its share of Liquid Petroleum Gas (LPG) produced from Nashpa field District Karak, Khyber Pakhtunkhwa,through an open competitive bidding process based on non-refundable signature bonus to interested LPG Marketing Companies holding valid LPG Marketing Licenses from OGRA. The LPG is offered for sale, subject to reservoir behavior for a period of 05 years (Contracted Period), from the date of execution of the LPG Sale and Purchase Agreement (“SPA”) between OGDCL and each successful Marketing Company. Except as otherwise provided herein, each successful Marketing Company will be limited to bid for, and purchase a maximum of one lot of 05 Mt, 10 Mt & 25 Mt per day each of LPG produced from Nashpa Field.

2. **ALLOCATION OF LPG**

OGDCL/Seller would sell/deliver its share of LPG to each successful LPG Marketing Company/ Companies selected on the basis of criteria (set out in “Clause-3” below). The successful company/companies would enter into LPG Sale and Purchase Agreement (SPA) with the Seller for a period of five years for 5 MT, 10 MT and 25 MT lots. Further the LPG Marketing Company/ Companies will be required to meet the terms/requirements set out in the License LPG (Production and Distribution) Rules 2001 (as amended from time to time) and all other applicable laws, now or thereafter coming into effect, including best industry practices and the directions issued by the OGDCL /Seller. Further LPG Marketing Companies bidding against lot size of 25 Mt/day will be required to build their own storage facility outside Nashpa plant within 12 months time after signing of SPA at their own cost in order to receive their daily allocated quota in designated facilities.

3. **ALLOCATION CRITERIA**

(i) The sale /allocation of LPG will be made for a lot size of 5/10/25 MT/day for Contract Period of five (05) years. The LPG Marketing Company offering the highest Signature Bonus for one lot size will be declared successful for the given lot. The remaining bidders in descending order of Signature Bonus offered for that very lot size will be required to match the highest Signature bonus offered in that particular lot in order to qualify for the remaining lots of LPG in a uniform and transparent manner. For avoidance of doubt, Signature Bonus is a onetime payment to allow open, transparent and competitive bidding Which will be payable by the buyer’s as follows: (i) The successful LPG Marketing Company/Companies (bidders)

bidding against lot of 05 Mt/day shall deposit full amount of Signature Bonus (Demand Draft/Pay Order) upfront before signing of the SPA. (ii) The buyer's (bidders) bidding against lot of 10 Mt/day shall deposit 50% of the total Signature Bonus (Demand Draft/Pay Order) upfront before signing of the SPA while the remaining Signature Bonus amount shall be deposited in 02 installments of 25% each in the form of valid postdated cheques due at start of second and third contract year respectively. The buyer must provide these postdated cheques before signing of the SPA. (iii) Similarly, The buyer's (bidders) bidding against lot of 25 Mt/day shall deposit 40% of total Signature Bonus (Demand Draft/Pay Order) upfront before signing of the SPA while the remaining amount of Signature Bonus shall be deposited in 02 installments of 30% each in form of valid postdated cheques due at start of second and third contract year respectively. The buyer must provide these postdated cheques before signing of the SPA. The amount of Signature Bonus is neither a component of price of LPG offered to the bidders nor an amount received as advance. It is intended to be and shall be deemed consideration for seller entering into a long term contract for supply of LPG.

(ii) In the event that the number of bid offering(s) / matching the highest offered bid (successful bidder(s) is not sufficient, then the remaining quota available on such account will be offered to successful bidders or parties willing to match the highest bid or in any other manner deemed to be in the best commercial interest of the Seller. Moreover Seller has the right to increase / decrease number of lots offered for sale in view of available production.

(iii) Amount of the signature bonus shall be payable through Demand Draft/Pay Order/Cheque in favor of OGDCL(**as elaborated at Sr. 4 of Tender Notice**) along with the executed/signed copy of the SPA.

(iv) All successful LPG Marketing Companies bidding against lot size of 25 Mt/day will mandatorily required to build their own storage facility outside Nashpa plant at their own cost within 12 months time after signing of SPA in order to receive their daily allocated quota in designated facilities. The storage facility should be minimum 250 Mt capacity. However, successful bidder(s) as an interim arrangement can transport LPG through bowzers till the completion of storage facilities.

(v) All successful companies for lot size of 25 Mt/day shall also provide Performance Security of Rs. 100 million (in the shape of bank guarantee); that they will install / commission their own storage facility within the stipulated time (refundable after construction of designated storage facility). After lapse of 12 months time limit and if the marketing company fail to install /commission storage facility, OGDCL will forfeit the performance security.

(vi) Successful Marketing Companies will also deposit entire payment (inclusive of taxes, duties, levies& charges etc) for their allocated share by 28th of every month for next month. In case of additional lifting (if any) allowed to the bidder the same will be communicated for which advance payments will be deposited accordingly. As supplies will only be provided against advance / balance payment available

(vii) A company from a group of companies/affiliates, subsidiary or holding interest, if successful for the purchase of one lot of LPG shall be restricted to the same and no other company of the same group or affiliate or having interest will be considered separately for allocation on an independent basis.

(viii) In case of a tie where the number of marketing companies offering uniform highest Signature Bonus exceeds the number of available lots then it shall be the sole discretion of OGDCL to consider the best conduct and payment histories in allocating LPG lots.

4. SELLERS OBLIGATION

The Seller, Oil & Gas Development Company Limited shall grant to the LPG Marketing Company the exclusive right to sell LPG produced and made available in accordance with the requirement of LPG (Production and Distribution) Rules as applicable.

5. BUYERS OBLIGATIONS

The successful bidders will be required to provide the following information / adhere and maintain the same at all times during the term of the SPA:

- a) Valid LPG Marketing License issued by OGRA.
- b) Undertaking to build storage facility outside Nashpa plant having capacity of 250 Mt entirely at buyers cost within stipulated time of 12 months (only buyer of 25 Mt/day lot size). After lapse of 12-month time if the marketing company fails to install /commission storage facility, OGDCL will forfeit the performance security.
- c) Their own location wise adequate storage capacity and bottling facility.
- d) Evidence of LPG distribution and marketing chain required for the purpose including district-wise LPG distribution made in last 12 months
- e) Capability to sell/distribute LPG quantity in its own branded and certified cylinders with temper proof arrangements.
- f) Undertaking that LPG quota allocated will not be transferred, assigned or sold without prior consent of OGDCL to any other Company or entity for receiving supplies from OGDCL/Seller. Any violation in this regard will lead to termination of the SPA.
- g) Undertaking with regard to the financial health to meet obligations under arrangement.
- h) Undertaking for compliance to the HSE requirements in accordance with LPG Rules, Seller's instructions. A copy of written safety policy at the plant should also be provided.
- i) Undertakes to sell LPG at all time in accordance with the prevailing LPG Policy and rules, as applicable.

Any LPG Marketing Company not meeting any or all conditions set out hereinabove shall stand disqualified from the bidding process.

6. TAX / DUTIES ETC.

LPG Marketing Companies would be liable to pay all applicable (present & future) Federal, Provincial/ and Local Government Taxes, Duties, Charges, Surcharges, Levies etc, under the prevailing laws, rules of Pakistan.

7. COST OF BIDDING

The bidder shall bear all costs associated with preparation and submission of its bid including all costs incidental and ancillary thereto. OGDCL/Seller will in no case be responsible or liable for the costs regardless of the outcome of the bidding process.

8. SUBMISSION OF BIDS

- a. The bids offering should be submitted duly sealed and marked to General Manger (SCM), Oil & Gas Development Company Limited, OGDCL House, Jinnah Avenue, Blue Area, Islamabad, clearly marked "Bid for NASHPA LPG".
- b. The bids must be received before **1100 hours on 08-02-18**.
- c. No bid shall be entertained in the form of telex, fax, email or telegram etc.
- d. Bids once submitted cannot be withdrawn. Further no revision / amendment in the bids submitted will be entertained in any circumstances.
- e. Bids must be accompanied with Bid Bond Money (Demand Draft/Pay Order) amounting to Rs 2 (two) Million against 05 Mt lot and Rs 5 (five) Million against 10 or 25 Mt lot in favor of OGDCL. This will be forfeited if the bidder fails or delays to honor its obligation under this bidding. However, there will be no implication if the bidder does not opt beyond its intended lots.
- f. Bid should be submitted on the prescribed format referred in this bidding document.
- g. At any time prior to the deadline for submission of bids, a modification in bidding documents in the form of an addendum may be issued in response to a clarification requested by a respective bidder or whenever the Seller considers it appropriate to issue such a clarification and /or amendment to all bidders. Any clarification / amendment issued (in general) shall be addressed to all OGRA licensed LPG Marketing Companies.
- h. All the documents as referred in the Annexure A are to be produced along with Signature Bonus Bid with bid bond in favor of OGDCL in the form of Demand Draft/Pay Order.
- i. Provide complete name, designation and CNIC No. of authorized representative desiring to attend the tender opening meeting, must be provided in advance so that our Security/Reception are accordingly informed for allowing entry.

9. BID OPENING

- a. A committee formulated by the Seller shall open bids **at 11.30 AM PST on 08-02-17** and announce the bid quoted in each bid in the presence of bidder(s) or their representative(s) based on which the highest bid will be declared.
- b. Upon final approval of the successful bidder(s) by the Seller, the Seller will communicate to successful buyers accordingly. So that the parties will enter into a Sale Purchase Agreement (SPA). The format of the SPA is attached.

- c. The execution of the SPA shall be subject to payment of Signature Bonus as per terms **(elaborated at Sr. 4 of Tender Notice)**. In case the successful bidder fails to execute the SPA as stipulated in clause 9(b) above, the seller will be entitled to cancel their bid offering forthwith without incurring any liability whatsoever.
- d. There shall be no grant or extension of time for LPG Marketing Company in signing and execution of the SPA. Failure to sign & execute the SPA shall incur forfeiture of the bid bond money.
- e. Extension in the term of SPA, if any upon expiry thereof will be solely on Seller's discretion. Upon expiry of this Agreement, OGDCL shall have the right to dispose-off the LPG as per company policy. Buyer may be offered extension in the contract for a further period provided that the buyer agrees to match highest quoted signature bonus for the field offered to OGDCL in the latest bidding round.
- f. Unsolicited advice/clarifications and personal approaches by the bidder(s) at any stage of bids evaluation are strictly prohibited and shall render its / their bid(s) disqualified.
- g. All prospective bidders are advised to read carefully all terms and conditions enunciated in this document and the annexure (s) hereof prior to filling/submission of their bids

10. **MISCELLANEOUS**

The Seller reserves the right to postpone, annul, cancel or amend the bidding process or the total quantities or number of LPG lots offered for sale at any stage without incurring any liability.

If at any later stage OGDCL finds that the information provided by the LPG Marketing Company in this bidding process was wrong or false / tampered; OGDCL reserves the right to take necessary action including rejection of allocation, non-refund of Signature Bonus and such other actions as deemed appropriate.

General Manager (SCM)
Oil & Gas Development Company Limited (OGDCL)
Jinnah Avenue, Blue Area, Islamabad

Annexure A

DOCUMENTS SUBMISSION CHECK LIST

Incorrect/incomplete documents shall not be considered by OGDCL. The following check list be completed and attached after the bid submission form.

Attached

	Yes	No
1. Copy of NTN of LPG Marketing Company	<input type="checkbox"/>	<input type="checkbox"/>
2. Copy of Valid OGRA License for LPG Marketing	<input type="checkbox"/>	<input type="checkbox"/>
3. Copy of Company's registration with SECP	<input type="checkbox"/>	<input type="checkbox"/>
4. Copy of Sales Tax Registration.	<input type="checkbox"/>	<input type="checkbox"/>
5. Copy of latest quarterly report submitted to OGRA	<input type="checkbox"/>	<input type="checkbox"/>
6. Latest 03 years audited/ financial statement	<input type="checkbox"/>	<input type="checkbox"/>
7. Bank reference letter conforming financial health	<input type="checkbox"/>	<input type="checkbox"/>
8. District- wise distributors list with average daily sale in last 12 months.	<input type="checkbox"/>	<input type="checkbox"/>
9. Number of LPG cylinders in-circulation (11.8 kg & 45 kg)	<input type="checkbox"/>	<input type="checkbox"/>
10. District-wise sales in last 12 months	<input type="checkbox"/>	<input type="checkbox"/>
11. HSE certification & HSE procedures applied/complied	<input type="checkbox"/>	<input type="checkbox"/>
12. Location wise storage Capacity and bottling facility of their own across Pakistan	<input type="checkbox"/>	<input type="checkbox"/>
13. Undertaking that LPG quota allocated will not be transferred without prior consent of OGDCL to any other Company(s).	<input type="checkbox"/>	<input type="checkbox"/>
14. Undertaking to build their own storage facility within stipulated time of 12 months (for lot size of 25 Mt/day only)	<input type="checkbox"/>	<input type="checkbox"/>
15. Undertaking to purchase/sell LPG at all time under this bidding in accordance with the prevailing LPG Production & Distribution Rules, as applicable.	<input type="checkbox"/>	<input type="checkbox"/>
16. Bid Bond Money (Demand Draft/Pay Order) amounting to Rs. 2 (Two) Million against 05 Mt lot and Rs. 5 (Five) Million against lots of 10 or 25 Mt, in favor of OGDCL	<input type="checkbox"/>	<input type="checkbox"/>
17. CNIC & Authorization of the CEO of the LPG Marketing Company for submitting Signature Bonus Bid.	<input type="checkbox"/>	<input type="checkbox"/>

Company Seal/Stamp

Authorized Signatory

CNIC No: _____

Date _____

(ON OFFICIAL LETTER HEAD)

Bid Submission Form

To,
GM (SCM)
OGDCL, Islamabad

We/I undersigned, being the authorized representative(s) of this OGRA Licensed LPG Marketing Company, hereby bid an amount of Rs. _____ for the allocation of---- MT/day LPG from Nashpa Field

We/I have attached all the requisite documents and We/I hereby confirm that all these are true & fair.

We/I hereby confirm to abide by at all times with these Bidding Documents, terms of the Sale Purchase Agreement, Advertisements & LPG rules, as applicable.

Authorized Signatory

CNIC No: _____

Company Seal/Stamp

Dated: _____

NASHPA

LPG SALE/PURCHASE AGREEMENT

BETWEEN

OIL & GAS DEVELOPMENT COMPANY LIMITED

(SELLER)

AND

M/S-----

(BUYER)

NASHPA LPG SALE / PURCHASE AGREEMENT

THIS LPG MARKETING/SALE AGREEMENT ("Agreement") is made at Islamabad as of the _____ day of _____ 2018 and made effective from the "Effective Date" between:

(1) Oil & Gas Development Company Limited a company having its Head Office at Jinnah Avenue, Blue Area, Islamabad (hereinafter called "Seller" which term shall include its successors and assigns);

AND

(2) -----, having its registered office at-----, (hereinafter called "**Buyer**" which term shall include its successors and assigns);

The Seller and Buyer may hereinafter individually be referred to as a "**Party**" and collectively as the "**Parties**".

WHEREAS, the Seller has made a commercial discovery of petroleum from the area known as the NASHPA field District Karak, Khyber Pakhtunkhwa, Pakistan and a fifteen (15) years Development and Production Lease No. 196/PAK/2013 ("**Lease**") has been granted by the Government of Pakistan to the Working Interest Owners (OGDCL 56.45%) effective June 19, 2013 conveying the exclusive right to produce and sell petroleum including but not limited to LPG from NASHPA Field;

WHEREAS, the Seller is entitled to further extension in lease period under the rules and the lease extension application is under process as per the industry practice and regulatory requirement.

WHEREAS,----- MMSCFD Associated Gas (Fuel/Re-injection/Flare) is being produced from the Nashpa Oil Field along with ----- barrels of Condensate per day. Currently, -----M.Tons of LPG is being recovered from such Associated Gas through extraction process, WHEREAS, pursuant to the open bidding process the Seller issued the offer letter No. -----setting out the basic terms and conditions for sale of 05,10& 25M. Tons of LPG per day to the Buyer and the Buyer expressed its willingness by depositing signature bonus amount ("the Signature Bonus") to purchase up to-----M. Tons of LPG per day from the Seller on the terms and conditions set out in this Agreement;

AND WHEREAS the Buyer has been granted an LPG marketing, storage, sale and distribution license from Oil & Gas Regulatory Authority "**OGRA**" (hereinafter referred to as the "**License**").

NOW THEREFORE THIS AGREEMENT witnesses as under:

I DEFINITIONS

The following expressions shall have the meaning set forth hereinafter:

"**Applicable Price**"- means the price to be determined in accordance with Clause 3.2 hereof.

“Associated Gas” – means the production of gas from the Nashpa Oil Field which is entirely dependent upon the production of Crude Oil.

“Authority” – shall mean the person or entity, if any, authorized under law to set or regulate the Applicable Price.

“Contracted Quantity” – shall have the meaning ascribed to such term in Article 2.1 below.

“Delivery Point” – shall mean the coupling of the Seller’s delivery line within NASHPA Field immediately downstream of Seller’s LPG sales measurement facilities.

“Effective Date” - means the date when the first delivery of NASHPA LPG started from NASHPA Field to the Buyer pursuant to the deposit of Signature Bonus amount by the Buyer.

“NASHPA Oil Field” – means the Seller’s LPG producing and processing plant located at NASHPA field District Karak, Khyber Pakhtunkhawa Pakistan.

“Licence” means the OGRA’s license ----- dated ----- for marketing, storage, distribution and sale of LPG granted to the Buyer.

“LPG” - means a mixture of Propane and Butane separated from Natural Gas by compression, extraction or other processes and marketed in conformity with the quality and specifications established by Pakistan Standard Specification No.1705-1976 for Commercial Butane - Propane Mixture as amended from time to time, which is available for marketing/sale from NASHPA Oil Field.

“Month”- means a calendar month according to the Gregorian calendar beginning at 12:00 midnight on the last Day of the preceding month and ending at 12:00 midnight on the last Day of that month.

“Term”– shall have the meaning ascribed to such term in Article 8.1 hereof or as mutually agreed by the Parties.

II AGREEMENT TO SELL/PURCHASE LPG

- 2.1 Subject to the terms and conditions contained herein, the Seller agrees to sell and the Buyer agrees to purchase in accordance with the monthly supply schedule for each Month upto (-----) M. Tons of LPG per day from NASHPA Oil Field (**“Contracted Quantities”**) at the Delivery Point where the risk of loss and the title to the LPG shall be transferred to the Buyer.
- 2.2 It is recognized by the Buyer that production of LPG from NASHPA Oil Field would be dependent upon the production of Condensate Oil and Associated Gas and there may be a possibility that volumes of LPG to be produced from NASHPA Oil Field may vary from time to time. The Buyer therefore agrees that on account of such variation the volumes of LPG to be sold hereunder may also vary and that in such event Seller shall not be liable for any liability, loss or claim on account of availability of less volumes of LPG than available for sale to the Buyer nor the Buyer shall be entitled to any make up right, claim, damages or compensation of any nature whatsoever on such account provided that

adjustments of allocation to all the buyers shall be made on prorated basis of their daily allocation.

- 2.3 For the avoidance of doubt, Buyer understands that this Agreement contemplates mere LPG sale and purchase arrangement and that it does not give rise to any vested right to the Buyer except as provided herein.
- 2.4 For the purposes of upliftment/sale of LPG hereunder the Buyer shall make adequate arrangement of LPG bowzers with sufficient capacity to uplift and transport the offered quantity of LPG. Owing to the volumes of LPG proposed to be sold hereunder, the frequency of upliftment may be three times a week through LPG bowzers having capacity of minimum Twenty Five (25) M. Tons. Moreover the buyer with allocation of 25 Mt/day is required to built its own storage facility outside Nashpa plant within 12 months time in order to pump its daily allocated quota in designated facilities
- 2.5 In the event the Buyer fails to obtain delivery of offered quantity for consecutive fifteen (15) days, then the advance payment for those fifteen days shall be forfeited and the Buyer shall lose all claims whatsoever to the LPG to be delivered on these fifteen days. The Seller shall be entitled to dispose of such LPG in any manner deemed fit by the Seller fit for the purpose of any or all such quantity or quantities of LPG as stood forfeited to the Seller for reasons of the Buyer's failure to obtain or take delivery. The buyer subsequently will not claim such quantity and this quantity will be considered lifted while calculating total lifted quantity for the entire contract period of 05 years.
- 2.6 The vehicles used by Buyer for lifting LPG product should conform to all the safety specifications as laid down by Chief Inspector of Explosives for transportation of petroleum products or any other applicable standards. Buyer shall strictly comply with the field safety procedures to avoid any accident during their transportation/ movement in field/plant area. Buyer shall indemnify the Seller for any loss, claim or damage arising out of negligence of Buyer's personnel or as a result of non-compliance of any applicable law, safety rules and regulations.
- 2.7 Moreover, if for any reason other than reservoir failure, Seller will unable to provide contractual quantity to buyer, Signature Bonus paid will be return on pro-rata basis.

III PRICE AND PAYMENT

- 3.1 The Seller shall issue invoice in respect of LPG actually lifted by the Buyer in a Month by 5th of the next Month. The invoice shall contain the monthly Contracted Quantity, quantity actually uplifted by the Buyer, the price per M. Ton of LPG, the amount payable by the Buyer, the amount of sales tax, excise duty and any other tax levied/payable on the production and sale of LPG, the amount of advance deposited by the Buyer, adjustment of advance deposit and the due date of payment of balance amount, if any. The Delivery Challan issued by the Seller shall constitute complete and conclusive evidence of performance by the Seller.
- 3.2 Price of LPG delivered under this Agreement shall be determined in accordance with the policy of the Government of Pakistan as prevailing at the time of supply.
- 3.3 Before commencement of 1st supply and thereafter before start of next month the buyer shall make advance payment to the seller equal to 30 days value of LPG supply (inclusive of LPG price for relevant period, Federal Excise duty, Sales tax and any other taxes /

charges, levies applicable under the law) as per its allocated monthly quota. Supplies will be made only against advance payments.

- 3.4 The Buyer shall enhance/reduce the amount of Cash Deposit depending upon the increase/decrease in LPG prices so as to always maintain Cash Deposit amount equivalent to the current price of 30 days of allocated LPG supplies inclusive of applicable taxes/duties& Levies.
- 3.5 The Buyer of 25 Mt lot will further provide Performance Security of 100 million; that they will build their own storage facility within the stipulated time of 12 months, (refundable after construction of designated storage facility).After lapse of 12 months time limit and if the marketing company fails to install /commission its own storage facility, OGDCL will forfeit the performance security as a penalty for not installing storage facility.

IV TAXES

- 4.1 The Buyer shall pay to the Seller any and all Federal, provincial or local taxes, duties, charges, levies or surcharge whatsoever that may be imposed/levied on production and sale of LPG hereunder. Seller shall hold harmless and indemnified the Buyer against any penalty, surcharge or tax etc. that may become payable due to any failure on part of the Seller to comply with the provisions of this Article
- 4.2 The Buyer shall have the authority to deduct any withholding tax from the payments made to the Seller in accordance with Income Tax Ordinance 2001. In case of deduction of income tax at source as per applicable law, the Buyer shall pay the amount of tax withheld deduction into the Government treasury within the time stipulated in the Income Tax law and timely furnish to the Seller the proof of payment of tax and tax deduction certificate as prescribed under the relevant rules.
- 4.3 The Buyer shall indemnify and hold the Seller harmless against any penalty, surcharge or any additional tax or other cost that may become payable due to any failure on part of the Buyer to comply with the provisions of this Article or any applicable law.

V REPRESENTATIONS AND WARRANTIES BY THE BUYER

5.1 The Buyer represents and warrants that:

- (i) It is a duly incorporated entity and has the capacity to enter into this Agreement and has obtained all necessary approvals to do so;
- (ii) It has obtained all consents, licenses, approvals, permissions, authorizations etc. to purchase, transport, store and sell LPG in accordance with the applicable laws and that it shall keep such licenses, consents, approvals, permissions, authorizations etc current whether by renewals, extensions, or continued compliance of conditions for continuance of such licenses throughout the Term of this Agreement;
- (iii) It shall notify the Seller immediately of any changes in its license, consents, approvals, permissions, authorizations etc and/or in the terms of its license(s) but not later than (twenty four) 24 hours of such a change;
- (iv) It shall keep the Seller indemnified throughout the Term of this Agreement against any loss, claim, charge, penalty, liability or obligation of whatsoever nature that the Buyer's

employees, agents or third parties may have against / due from the Seller at any time during the Term of this Agreement;

- (v) It shall hold the Seller harmless against any liability, loss or claim that may incur due to suspension or reduction in LPG production resulting in reduction of Contracted Quantities under this Agreement even in the case where such suspension or reduction in production is made without prior notice to the Buyer.

VI FORCE MAJEURE

- 6.1 Any delays in or failure of performance by either Party under this Agreement shall not be considered a breach in so far as such delay or failure arises due to Force Majeure or conditions beyond the reasonable control of the non performing Party. Force Majeure shall include but not be limited to, acts of nature, strikes or other concerted acts of workmen, fires, floods, explosions, riots, civil disturbances, insurrections, earthquakes, wars, hostilities, rebellion, epidemics, sabotage, freezing of wells, reservoir failure or material change in composition of petroleum from the wells which is beyond the reasonable control of the non-performing Party.
- 6.2 The above shall not be considered a waiver of either Party's obligations under this Agreement and as soon as such Force Majeure condition shall cease, the Party affected thereby shall promptly fulfill its obligations mentioned hereunder. Neither Party may claim from the other Party penalties, interests, damages and compensation for delays or failures to meet contractual obligations in case of Force Majeure, but in any case the Party claiming Force Majeure shall do its utmost to remove such cause and resume performance as soon as possible.
- 6.3 In the event Force Majeure continuous for a continuous period of three months and the Party affected by the Force Majeure is incapable of remedy within ninety (90) days, it shall have the right to terminate this Agreement upon giving a further ninety (90) days, written notice to the other Party

VII OUTAGES

- 7.1 NASHPA LPG Plant shall be shut down for annual maintenance/turnaround (ATA) for two weeks each year. Before shut down of the Plant, a fifteen (15) days notice shall be given by the Seller to the Buyer intimating the dates during which the plant shall remain on its annual turnaround. During the annual turnaround period, delivery of Contracted Quantities shall remain suspended. Such suspended delivery shall not be carried forward and the Buyer shall have no right to claim such deliveries.

VIII TERM AND TERMINATION

- 8.1 This Agreement shall come into force and become effective for a period of five (05) years to the Buyer for which Rs.----- Million have been paid as Signature Bonus by the Buyer, unless terminated earlier or terminated due to Force Majeure. The contract shall automatically stand terminated upon upliftment of contracted quantity (05*365*----- M.Tons).
- 8.2 Upon expiry of this Agreement, OGDCL shall have the right to dispose off the LPG as per company policy. Buyer may be offered extension in the contract for a further period provided that the buyer agrees to match highest quoted signature bonus for the field offered to OGDCL in the latest bidding round.

- 8.3 Seller shall have the right to terminate this Agreement due to any of the following reasons:
- (i) The Buyer fails to obtain the renewals of any of the licenses / approval that may be required.
 - (ii) The Buyer fails to purchase or accept the delivery of LPG tendered to the Buyer of the quantity set out hereinabove whether fully or partially for (thirty) 30 consecutive days in one year.
 - (iii) The Buyer of 25 Mt lot fails to construct storage facility adjacent to Nashpa field within stipulated time of 12 months from first delivery date.
- 8.4 It shall be obligation of the Seller to ensure timely renewal/extension of Lease before its expiry. The Seller shall before the expiry of the Lease, file an application with the Government for the renewal/extension thereof. In the event the renewal/extension is not granted by the Government, the Agreement shall stand terminated without any further liability on part of the Seller. This Agreement shall stand terminated automatically upon the termination or expiry to the Lease.
- 8.5 Termination of this Agreement by the Seller as provided above shall not make the Seller liable to the Buyer for any losses or damages of any kind whatsoever (including but not limited to indemnification, special, punitive, consequential or incidental), arising out of or in connection with the termination of this Agreement regardless of the form of action upon which a claim for such damages or losses is based, whether in contract, tort or other law or equity.

IX MEASUREMENT & METERING

- 9.1 The Seller shall install and operate metering system / weigh bridge at upstream of Delivery Point prior to the commencement of deliveries of LPG to the Buyer. LPG measurement recorded by such meters / weigh bridge shall be final and conclusive for determining the volume/weight of LPG sold and delivered by the Seller to the Buyer for all purposes hereof including payments.
- 9.2 All meters and measurement equipment installed by the Seller under this Agreement shall be of standard make and shall be maintained and operated by the Seller. The Seller shall however verify the accuracy of its measuring equipment at least once a year.
- 9.3 The Buyer shall have the right to be present at time of calibration, testing and/or any adjustment to the sales meters. The records of measurement pertaining to such sales meters shall remain the property of the Seller. However the Buyer shall have the right to request copies of such record for inspection and verification subject to return of copies so obtained within thirty (30) days from receipt thereof.
- 9.4 The quantity of LPG delivered under this Agreement shall be determined as follows:
- (i) The unit of volume for the purpose of measurement shall be one (01) liter of LPG.
 - (ii) The unit of quantity for the purpose of sale pursuant to this Agreement shall be ton of LPG calculated by multiplying the volume of LPG delivered with the specific gravity corrected to 60 degree Fahrenheit and divided by 1000.

(iii) The specific gravity of LPG shall be determined by gravimeter or densitometer of standard method.

9.5 Seller shall issue a delivery challan for each delivery of LPG measured and delivered at Delivery Point to the Buyer specifying the quantity of LPG measured and delivered and the specific gravity thereof. The delivery challan shall be signed by the representatives of the Seller and the Buyer at the Delivery Point provided that in case the Buyer has not nominated a representative or the Buyer's representative is absent from the Delivery Point, delivery challan may be signed by the representative of Seller only.

9.6 The delivery challan shall be conclusive proof of delivery and shall be binding on all Parties.

9.7 Verification of the Measurement Equipments installed by the Seller under this Agreement should be calibrated at the frequency of at least once in a year.

X NOTICES

10.1 Any notice to be served by a Party to the other shall be sent by courier service, registered post or fax and shall be deemed to have been received by the addressee within four (4) days of courier/posting or twelve (12) hours if sent by fax to the correct fax number (with correct transmission receipt). The addresses of the Parties are:

(i) The Seller

Oil & Gas Development Company Limited,
OGDCL House, Jinnah Avenue,
Blue Area, Islamabad

Tel: 092-51-920023632
Fax: 092-51-2623068
Attention: General Manager (Commercial)

(ii) The Buyer

-----,

Tel: 092--
Fax: 092--
Attention: Chief Executive

XI GOVERNING LAW AND JURISDICTION

11.1 This Agreement shall be governed and interpreted under the laws of Pakistan. Any dispute, controversies or differences that may arising out of or in connection with this Agreement shall be settled amicably within ninety (90) days by mutual discussion. All such disputes that are not settled amicably shall be referred to arbitration. The arbitration proceedings shall be conducted in accordance with the Arbitration Act 1940, or any amendment thereof and decided by a sole arbitrator, who shall be a retired judge of the Supreme Court of Pakistan and shall be appointed by the mutual consent of both the Parties. The decision of the arbitrator shall be final and binding on the Parties. The arbitration shall be conducted at Islamabad, Pakistan and the arbitration shall being English Language.

XII MISCELLANEOUS

- 12.1 This Agreement shall supersede any prior agreement, correspondence or understanding between the Parties regarding the subject matter except the bidding documents whether written or oral.
- 12.2 The Buyer shall neither assign nor sub-contract any of its rights or duties arising under this Agreement without prior written consent of OGDCL.
- 12.3 This Agreement contains the entire agreement between the Parties and supersedes any previous understanding, agreement or correspondence whether oral or written with respect to the subject matter.
- 12.4 The Parties here to ensure that in entering into this Agreement they have not relied on any representations that may have been made by any of them to the other and no warranties are given by any of the Parties hereto save those recorded in this Agreement.
- 12.5 The Buyer shall set up and maintain adequate storage and filling facilities conforming to required standards ensuring that it can receive and store LPG from the NASHPA Oil Field in due time and without delay.
- 12.6 The Seller shall on request from the Buyer provide facilities at the Plant for telephone, fax, water and accommodation etc on the terms and conditions mutually agreed by the Buyer and the Seller. The Seller shall also maintain entry and exit approach road from the main road to the OGDCL NASHPA Plant.
- 12.7 The Buyer shall ensure that best industry standards with respect to health, safety and environment are observed for the purposes of this Agreement.

IN WITNESS WHEREOF this Agreement has been executed by the Parties on the date first above written.

For and on behalf of
Oil & Gas Development Company Limited

Witness

For and on behalf of

M/S. _____

Witness
