To,

01/07/2024

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

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

Dear Sir,

I am writing to draw your immediate attention to a series of **illegal activities, willful defaults, and malpractices** perpetrated by Frontier Holdings Ltd (**FHL**), Spud Energy (Pty) Ltd (**SEPL**), and Konnect Gas (Pvt) Ltd (**KGPL**), subsidiaries of Jura Energy Corporation (**JEC**). The gravity of these actions necessitates urgent intervention from the Ministry of Energy (Petroleum Division) to safeguard the integrity of our petroleum sector and protect the interests of all stakeholders involved.

FHL and SEPL have been **declared defaulters to the tune of 1.14 billion PKR**. This substantial amount of defaulted payments to the GoP not only underscores their financial irresponsibility but also highlights their blatant disregard for their obligations. Such a significant default raises serious concerns about the **poor ethical standards and operational integrity** of these companies. The Transparency International Story shed further light on the willful default and selfish actions of JEC (**Annex-1**).

Further compounding their dubious practices, SEPL and KGPL have been involved in **illegal third-party gas sales** of unprocessed gas an environment hazard and danger to human life from expired leases. Whereby, the financial obligations to the GoP and adherence to the E&P Rules have been completely neglected. Particularly concerning is that KGPL, an unlicensed entity, has conducted these transactions in clear violation of regulatory requirements. **OGRA has confirmed KGPL to be an unlicensed entity and has urged the Directorate General of Petroleum Concessions (DGPC) to take immediate action against these entities for these violations (Annex-2)**. This illegal activity disrupts the market and sets a dangerous precedent of not adhering to good oil field practices.

The DGPC has issued notices of revocation to these companies (**Annex-3**). However, despite the compelling evidence and OGRA's direct and clear confirmation, the DGPC's inaction has allowed these companies to go unchecked without any corrective measures. The revocation of their leases is essential to curtail their malpractices and to restore trust in our regulatory frameworks. Failure to do so would embolden such entities to continue operating outside the **bounds of legal, regulatory and ethical standards**.

Moreover, FHL and SEPL have been served forfeiture notices in the Badin blocks due to their consistent default on cash calls and their inability to remedy these defaults. This situation demonstrates their chronic financial mismanagement and a flagrant disregard for their contractual obligations. Their failure to address these issues is a testament to their **operational incompetence and negligence**.

01 JUL 2024

Head Office: House no. 12, Main Ataturk Avenue, F-6/3, Islamabad, Pakistan, 44000.
www.houseofmcl.org info@houseofmcl.com

In an attempt to challenge these forfeiture notices, FHL and SEPL initiated an arbitration process with the International Chamber of Commerce (ICC), which they ultimately lost. This outcome further validates the claims against them and **underscores their inability to justify their actions through legitimate legal avenues**. Their loss in arbitration is a clear indication of their wrongful conduct and reinforces the need for stringent action.

Adding to the concerns is the **exorbitant salary** of the CEO Mr. Nadeem Farooq, who receives an astounding **USD 400,000 per year**. This level of compensation is unheard of in the industry, especially **given the companies' financial distress**. It raises serious questions about the ethical governance and priorities of JEC, suggesting that **personal gain is being placed above the financial health and stability of the company**.

Keeping in view the above, the Financial statements of these companies reveal a dismal picture **of poor financial health, characterized by significant accumulated deficits**. This financial instability not only threatens their operational viability but also jeopardizes the interests of their investors and partners. Their inability to maintain sound financial practices is indicative of deeper systemic issues within their management and operations. Which is clear indication of the company's inability to honor their commitments and uphold integrity.

Lastly, the companies are actively selling their working interests and appear to be winding down their operations. This move seems to be an attempt to evade accountability and to offload their responsibilities, leaving their liabilities unaddressed. Such actions are a clear indication of their **intent to abandon their obligations and exit the market without facing the consequences** of their malpractices.

Asset	Company	Status	Working interest (%)
Zarghun South	SEPL	Farming-out	40.00
Nareli	SEPL	Farming-out	28.28
Zamzama North	SEPL	Farming-out	27.00
Sara D&PL	SEPL	Notice of Revocation	60.00
Suri D&PL	SEPL	Notice of Revocation	60.00
Badin IV South	FHL	Forfeited Interest	27.50
Badin IV North	FHL	Forfeited Interest	27.50

In light of these egregious actions, it is evident that **FHL, SEPL, and KGPL have systematically violated legal and ethical standards for their self-financial interests**, thereby damaging the integrity of the petroleum sector and undermining investor confidence. The continuation of their operations without stringent punitive measures would set a dangerous precedent.

It is strongly urged that all pending assignments, notices, and transfers involving JEC and its subsidiaries be suspended until stringent accountability measures are enforced. These companies must be penalized for each molecule of petroleum sold through illegal third-party sales, and all outstanding obligations should be recovered immediately. Furthermore, **JEC and its subsidiaries should be blacklisted from conducting any further activities within Pakistan, and their directors should be held accountable for mismanaging the companies for personal financial gain**. The corrective measures should also include:

- Enforcing the revocation of leases as issued by the DGPC.
- Initiating thorough investigations into the financial practices and illegal transactions of these companies.
- Ensuring that legal proceedings are instituted to hold the responsible parties accountable for their actions.
- Implementing strict regulatory measures to prevent such malpractices in the future.
- Your prompt action in addressing these concerns will be crucial in safeguarding the interests of the nation and upholding the standards of the petroleum industry.

Thank you for your attention to this urgent matter.

01 JUL 2024

HOUSE OF MAGNA CUM LAUDE

Sincerely,



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

01 JUL 2024

Copy to:

Prime Minister's Office
Islamabad

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

Secretary Petroleum
3rd Floor, A block Pak Secretariat
Islamabad

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

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

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

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

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

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

MD SNGP
Gas House, 21 Kashmir Road,
P.O.Box No. 56,
Lahore

MD SSGCL
SSGC, St-4/B, Block 14, SSir Shah Suleman Road Gulshane Iqbal
Karachi

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

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

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

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

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

Dr. Abdul Basit Qureshi
Senior Registrar - OGRA
54-B, Fazal-e-Haq Road, Blue Area,
Islamabad

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

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

Registrar Supreme Court
Supreme Court of Islamabad,
Islamabad

Chairman PRL
Pakistan Refinery Limited
P.O. Box 4612
Karachi

Chairman PIC
1st Floor, National Arcade, A4 Plaza, F-8 Markaz
Islamabad

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

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

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

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

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

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

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

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

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

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

SIFC
PM Secretariat,
Islamabad

Annex 1

TRANSPARENCY INTERNATIONAL - PAKISTAN

SUCCESS STORY

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

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

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

On account of commercial discovery in these blocks, the President of Pakistan granted a development and production leases to the holders of license to undertake development activities and produce petroleum. M/s Sui Southern Company (SSGCL) is the nominated buyer of the natural gas and crude oil/condensate from Bolan Block and Badin IV South Block, while M/s Engro Fertilizers is the nominated buyer of the natural gas from Guddu Block.

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

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

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

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

01 JUL 2024

responded to TI Pakistan and stated *"that the provincial share of royalty is directly transferred to the relevant province where well-head is located... and the federal government has nothing to say or advise in this regard'*. The DG (PC) response was axiomatically contrary to the Constitution of Pakistan 1973, Rules of Business 1973 and Pakistan Petroleum (E&P) Rules 2001.

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

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

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

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

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

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



01 JUL 2024

Annex-2

آئل اینڈ گیس ریگولیٹری اتھارٹی

Oil & Gas Regulatory Authority

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

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

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

Dear Sir,

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

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

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

HOUSE OF MAGNA CUM LAUDE

01 JUL 2024

Sincerely,

(Shahzad Iqbal)
Senior Executive Director (Gas)

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

Annex - A



SPUD ENERGY PTY LIMITED
AN 28 073 847 613

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

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

October 11, 2023

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

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

Dear Sir,

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

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

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

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

Yours Sincerely,

Muhammad Nadeem Farooq
Chief Executive Officer

Encl: as above

01 JUL 2024

HOUSE OF MAGNA CUM LAUDE

Annex - B
274

Konnect Gas

November 8, 2023

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

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

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

Dear Sir,

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

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

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

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

Yours Sincerely,

Faisal Hameed
Project Manager

HOUSE OF MAGNA CUM LAUDE

01 JUL 2024

CC: DG (PC), MoE (PD)

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

Annex-3.1

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

13th October, 2023

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

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

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

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

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

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

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

01 JUL 2024

HOUSE OF MAGNA CUM LAUDE

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

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

Whereas, OGRA wrote letter No. OGRA-9(518)/2019 dated 6/10/2023 to M/s Spud Energy intimating that M/s Konnect Gas is not a licensee of OGRA to undertake any regulated activity and that M/s Spud Energy is required to furnish their comments within fourteen (14) days.

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

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

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

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

CC:

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

01 JUL 2024

Annex 3·2

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

Islamabad the 26th October, 2023

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

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

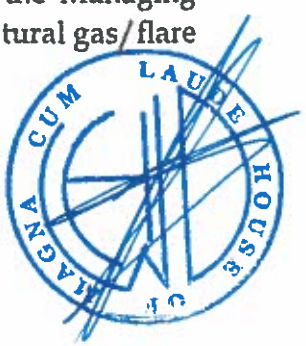
Dear Sir,

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

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

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

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



01 JUL 2024

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

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

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

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

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

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

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

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

01 JUL 2024

MAGNA CUM LAUDE HOUSE OF

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

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

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

Yours truly,

(Nawaz Sharif)
Expert (Production)
For Director General Petroleum Concessions

CC:

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

01 JUL 2024

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Annex-3.3

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

Islamabad, the 29th November, 2023

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

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

Dear Sir,

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

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

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

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



01 JUL 2024

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

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

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

CC:

- Chairman OGRA, Oil and Gas Regulatory Authority
- Managing Director, OGDCL, Islamabad
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