

SUPPLEMENTAL AGREEMENT

IN RESPECT OF

[BLOCK NAME]

PETROLEUM CONCESSION AGREEMENT

[BLOCK NUMBER]

**ADOPTION OF S.R.O. 371/2024 FOR AMENDMENTS IN
PAKISTAN ONSHORE PETROLEUM (E&P) RULES 2013,**

&

**S.R.O. 147(I)/2024 FOR AMENDMENTS IN
PETROLEUM (E&P) POLICY 2012**

SUPPLEMENTAL AGREEMENT
TO [BLOCK NAME] [NUMBER] PETROLEUM CONCESSION AGREEMENT

THIS SUPPLEMENTAL AGREEMENT (the “**Supplemental Agreement**”) is entered into on this _____ day of _____, 2024, at Islamabad by and between:

1. THE PRESIDENT OF THE ISLAMIC REPUBLIC OF PAKISTAN which term shall include its successors in office and assigns (“**PRESIDENT**”) through the Ministry of Energy, Government of the Islamic Republic of Pakistan.
2. ABC, a company incorporated under the laws of [•], having an office at [•] (“ABC”).
3. XYZ, a company incorporated under the laws of [•], having an office at [•] (“XYZ”).

the President, ABC and XYZ, hereinafter referred to individually as a “Party” and collectively as the “Parties”, and in each case shall include its successors and assigns.

RECITALS¹:

- (a) WHEREAS, on [•] the President granted to [ABC, and XYZ]², the Petroleum Exploration License No. [•] in respect of Block No. [•] [Block name] (“**License**”).
- (b) WHEREAS, following the grant of the License, the President executed the Petroleum Concession Agreement dated [•] (“**PCA**”) with the Parties in respect of Block No. [•] [Block name].
- (c) WHEREAS, the Authority pursuant to the declaration of commerciality and approval of the field development plan for [•], granted to [•] Lease No. [•]³.
- (d) WHEREAS, the Government of Pakistan (“**Government**”) notified Pakistan Petroleum (Exploration and Production) Policy, 2012 vide S.R.O. No. 1078(I)/2012 dated 30th August 2012, and as subsequently amended vide S.R.O. No.813(I)/2013 dated 23rd September 2013, S.R.O. No. 916(I)/2015 dated 8th September 2015, S.R.O. No. 1290(I)/2017 dated 27th December 2017, S.R.O. No. 47(I)/2020 dated 27th January 2020, and S.R.O. No. 850(I)/2020 dated 29th June 2021 (“**2012 Policy**”).
- (e) WHEREAS, through Supplemental Agreement dated [•], the Parties converted the PCA to the 2012 Policy for adoption of the 2012 Policy conversion package to avail incentives provided under Section-VI of the 2012 Policy. Through said Supplemental Agreement, the definition of “Rules” in PCA was amended to incorporate Rule 80(3) of Pakistan Onshore Petroleum (Exploration and Production) Rules 2013 (“**Rules 2013**”) for the applicability of Rule 34 and Rule 35.⁴

¹ To be amended to incorporate all prior amendments/assignments made in respective PCA to date.

² Amend to reflect original working interest owners.

³ Omit if no lease granted to date.

⁴ Omit if license is granted under 2012 Policy and Rules 2013.

- (f) WHEREAS, through Supplemental Agreement dated [•], the Parties have adopted S.R.O. 641(I)/2023 dated 30th May 2023, amending the definition of “Rules” in PCA to incorporate Rule 80(4) of Rules 2013.⁵
- (g) WHEREAS, the Government vide S.R.O. No. 147(I)/2024 dated 12th February 2024 has made certain amendments in the 2012 Policy inter alia including (i) applicability of Zone – I(F) economic package and determination of the licensing zone for eligible blocks and related concession documents as Zone – I(F) under the 2012 Policy with effect from 29th January 2024⁶, (ii) waiving paragraph 6 of Section VI (“Conversion to 2012 Policy”) granting another chance to convert to 2012 Policy as a package which shall be applicable for all new exploratory efforts made after 29th January 2024⁷, and (iii) renewal of lease after expiry of lease period till commercial viability of the field subject to payment of 15% wellhead value to the Government.
- (h) WHEREAS, the Government vide S.R.O. 371/2024 dated 7th March 2024 has made amendments in sub-rule (1) of Rule 35 of Rules 2013, which amendments are also applicable on Pakistan Petroleum (Exploration and Production) Rules 1986, and 2001 under Rule 80(3) of Rules 2013.
- (i) WHEREAS, the “**Conversion Package**” for converting to 2012 Policy for new exploratory efforts made after 29th January 2024 shall include (i) price of Natural Gas for New Exploration Efforts (ii) Windfall levy on Natural Gas (iii) EWT gas production, pricing, and obligations (iv) Windfall levy on Oil & Condensate for PCAs converting from 1994 and 1997 Petroleum Policies only, (v) financial obligations relating to production bonus, social welfare, and training and (vi) applicability of Zone – I(F) on eligible blocks.⁸
- (j) WHEREAS, to give effect to the stated Conversion Package with effect from the Conversion Date (as defined below), applicability of Zone – I(F) economic package and determination of the licensing zone as Zone – I(F) with effect from the Applicability Date (as defined below) to the Block [•], and adoption of S.R.O. 371/2024 dated 7th March 2024 for amendments in sub-rule (1) of Rule 35, the Parties are now hereby entering into this Supplemental Agreement.⁹

NOW THEREFORE, the Parties agree as follows:

1. References herein to a "**Clause**" shall be to a clause of this Supplemental Agreement and an "**Article**" shall be to an Article of the PCA and any terms not defined herein shall have the meaning ascribed to them in the PCA.
2. Herein, the term "**PCA**" shall mean the Petroleum Concession Agreement referred to above in the Recital (b), as may have been amended from time to time.

⁵ Omit if supplemental agreement for said SRO has not been executed.

⁶ Omit if license does not qualify for applicability of Zone 1F.

⁷ Omit if license is originally granted under or already converted to 2012 Policy.

⁸ Omit if license is originally granted under or already converted to 2012 Policy.

⁹ Amend the wording as per the adoption of respective SRO.

3. **ADOPTION OF S.R.O. S.R.O. 371/2024 dated 7th March 2024**

- 3.1 Through the adoption of S.R.O. 371/2024 dated 7th March 2024, with effect from 7th March 2024, the sub-rule (1) of Rule 35 of Rules 2013, as also made applicable under Rule 80(3) of Rules 2013 to petroleum rights granted under and defined in Pakistan Petroleum (Exploration and Production) Rules 1986 and Pakistan Petroleum (Exploration and Production) Rules 2001, shall stand amended and be read as follows:

“After the expiry of a lease period, the Authority may renew or re-grant, as the case may be, the lease term till commercial viability of the field, provided the lease holder agrees, at least one year prior to the expiry of the lease period, to pay an amount equivalent to fifteen percent (15%) of the wellhead value of petroleum produced to the Federal Government, which shall be equally divided between the Federal Government and the Provincial Government concerned. If such agreement is not concluded the Authority may invite bids from exploration and production companies for the grant of a lease over the same, or substantially the same area as the expiring lease, till its commercial viability and such bids shall be evaluated on the basis of signature bonus.”

4. **CONVERSION TO 2012 POLICY**¹⁰

- 4.1 Herein, the term “**Conversion Date**” shall mean **29th January 2024**.
- 4.2 With effect from the Conversion Date, the PCA hereby stands amended and converted to 2012 Policy to the extent and in accordance with the Conversion Package and as provided in Schedule – I hereof.

5. **APPLICABILITY OF ZONE – I(F) ECONOMIC PACKAGE & LICENSING ZONE**¹¹

- 5.1 Herein, the term “**Applicability Date**” shall mean **29th January 2024**.
- 5.2 With effect from the Applicability Date, the PCA hereby stands amended to the extent provided in Schedule - II hereof for applicability of economic package and determination of licensing as Zone – I(F).

6. The Parties hereby ratify and confirm the PCA as amended by this Supplemental Agreement in accordance with the Schedule - I and Schedule - II¹² hereof.

7. In case of any conflict between the provisions of this Supplemental Agreement and the provisions of the PCA, this Supplemental Agreement shall prevail to the extent of the provisions provided herein and the amendments provided in Schedule - I and Schedule – II hereof.

¹⁰ Omit of license is granted under or already converted to 2012 Policy.

¹¹ Omit if license is neither converted nor granted under 2012 Policy or doesn't qualify for conversion to Zone 1F.

¹² Reference of applicable schedule(s) (I or II or both) to be mentioned here.

8. This Supplemental Agreement shall be read and construed as an agreement supplementing and amending the PCA, and apart from the (a) adoption of S.R.O. 147(I)/2024 dated 12th February 2024 for applicability of Zone – I(F) economic package and determination of the licensing zone as Zone – I(F), conversion to 2012 Policy and (b) adoption of S.R.O. 371/2024 dated 7th March 2024 for amendments in Rule 35 of Rules 2013, all other provisions of the PCA shall remain unchanged and shall continue in full force and effect.
9. This Supplemental Agreement shall be governed by and shall be given effect to under the laws of Pakistan and any dispute between the Parties in relation this Supplemental Agreement or any matter related to it shall be resolved in accordance with the provisions set out in the PCA.
10. No amendment or modification in this Supplemental Agreement shall be effective or binding upon any Party unless consented to in writing by all the Parties.
11. This Supplemental Agreement shall be executed in [•] counterparts, one to be retained by each Party and each of which shall be deemed as an original and together shall constitute one and the same agreement.

IN WITNESS WHEREOF, this Supplemental Agreement has been executed by the authorized representatives of each Party hereto on the date first above mentioned.

For and on behalf of:

The President of the Islamic Republic of Pakistan

Print Name:

Title:

CNIC:

Witnesses:

1. _____

Name:

CNIC:

2. _____

Name:

CNIC:

For and on behalf of:

ABC

Print Name:
Title:
CNIC:

Witnesses:

1. _____
Name:
CNIC:

2. _____
Name:
CNIC:

For and on behalf of:
XYZ

Print Name:
Title:
CNIC:

Witnesses:

1. _____
Name:
CNIC:

2. _____
Name:
CNIC:

AMENDMENTS TO THE PCA FOR CONVERSION TO 2012 POLICY

(29th January 2024 onwards)

1. The amendments to the PCA provided in this Schedule shall be effective from 29th January 2024.
2. For the avoidance of doubt, the provision for pricing of Natural Gas, Crude Oil and Condensate shall be in addition to any earlier provision(s) for pricing of Natural Gas, Crude Oil and Condensate and shall not replace such earlier provision(s).
3. Definitions - Article¹³

(a) The following definitions shall be inserted in Article 1 of the PCA:

“**New Exploration Effort**” means an Exploration Well under drilling and/or spudded after 29th January 2024 in the area of a License or Lease.”

“**Provincial Government**” shall mean the Government of the Province of [•].”

(b) At the end of the definition of the **Rules**, preceding the full stop, the following shall be inserted¹⁴:

“save as provided in rule 80(3) of Pakistan Onshore Petroleum (Exploration and Production) Rules, 2013 as amended vide S.R.O. 371/2024 dated 7th March 2024 ”.

3. Working Interest Ownership - Article V¹⁵

The following new article shall be inserted at the end of Article V as Article [5.7] [5.8]¹⁶.

(a) In relation to any New Exploration Effort, and subject to approval of the DGPC and guidelines issued from time to time by DGPC, Working Interest Owners may undertake extended well testing and/or test production and/or early production, as the case may be (“EWT”), during the appraisal phase and before the grant of a Lease. Such approval shall be granted provided that the Working Interest Owners inter alia comply with the requisite royalty, tax, rentals of the discovery area and training and social welfare obligations as would be applicable under a Lease.

(b) A request for approval of EWT including associated temporary production facilities shall be made to the DGPC providing information with regards to the:

- (i) technical justification for EWT;
- (ii) proposed duration for EWT; and

¹³ If this SA is for a 2009 Model PCA, Article numbers should be in digits and not Roman numerals.

¹⁴ Only applicable for PCAs executed prior to Petroleum Policy 2009.

¹⁵ Title will be “Government Holding’s Rights” for pre 2001 PCAs.

¹⁶ For PCAs entered under Petroleum Policy 1994/1997 and Petroleum Policy 2009 it will be Article 5.7 and under Petroleum Policy 2001 it will be Article 5.8.

- (iii) a plan for disposal of natural gas during the proposed EWT period.
- (c) The duration of EWT may be allowed keeping in view the reservoir uncertainty and the proposed investment outlay on EWT. The DGPC shall not grant approval to undertake flaring of gas during EWT for a period longer than thirty (30) days if the gas infrastructure is located within twenty-five (25) kilometer radius of the discovery well, unless under exceptional circumstances.
- (d) During appraisal phase, the Working Interest Owners may be allowed to produce petroleum based on EWT pricing terms and subject to the condition that the production during EWT and post Date of Commercial Discovery would be considered as Commercial Production for the purpose of payment of production bonus, royalty and all other obligations as provided hereunder for a Lease.

4. Right of Acquisition of Petroleum - Article X

4.1 The following new articles shall be inserted at the end of Article 10, as Article 10A.

“10A.1 Natural Gas Price for production from a discovery arising out of a New Exploration Effort commenced on or after 29th January 2024.

- (a) Whenever a Working Interest Owner is selling pipeline quality Natural Gas of acceptable specification to the PRESIDENT or its Nominated Buyer, it shall receive a price per Million British Thermal Unit (MMBTU), as set out below. The price to be paid to a Working Interest Owner shall be determined for a six (6) Monthly period ("**Price Notification Period**") starting at eight (8) a.m. P.S.T. on 1st January and 1st July each year except the first period which may commence from the start of Commercial Production till 30th of June or 31st of December as the case may be.
- (b) Where, as a result of a New Exploration Effort commenced on or after 29th January 2024, Natural Gas is produced, the price thereof shall be computed and notified according to the following:

$$P_g = P_m * D_z / C_f$$

Where,

“**P_g**” is the gas price in USD per MMBTU.

“**P_m**” is the Applicable Marker Price in USD per barrel determined as follows:

- When RCP is USD10/barrel or below, P_m equals USD10.
- When RCP is higher than USD10/barrel and not over USD 30/barrel, P_m equals RCP;
- When RCP is higher than USD 30/barrel and not over USD 50/barrel, P_m equals 30 plus 50% of the incremental RCP above USD 30/barrel;

- When RCP is higher than USD50/barrel and not over USD 70/barrel, Pm equals 40 plus 30% of the incremental RCP above USD 50/barrel;
- When RCP is higher than USD 70/barrel and not over USD 110/barrel, Pm equals 46 plus 20% of the incremental RCP above USD 70/barrel;
- When the RCP is above USD110/barrel, Pm equals 54.
- The said ceiling of USD 110/barrel would be reviewed after every five years after the issuance of the Petroleum Exploration and Production Policy 2012 or as and when the pricing dynamics significantly change in the international market.

"Reference Crude Price" or "RCP" means the weighted average C&F price (FOB price plus freight on AFRA basis) of the basket of Arabian/Persian crude oils imported into Pakistan during the first six months periods of the seventh months immediately preceding the relevant Price Notification Periods published in an internationally recognized publication acceptable to the Parties. C&F Price will be arrived at on the basis of FOB price of Arabian/Persian crude oils imported into Pakistan plus freight on AFRA, which is deemed chartered rates.

"Dz" is the zonal index which shall have the value of 63.33% for Zone III; 66.5% for Zone II, 69.66% for Zone I, and 73.88% for Zone – I(F)¹⁷ [or "Dz" is the zone index which shall have the value of 73.88% for Zone – I(F)]¹⁸

"Cf" is the Applicable Conversion Factor, the weighted average of the heating values expressed in MMBTU per barrel for the basket of Arabian/Persian Gulf Crude Oils imported in Pakistan.

- (c) Illustration of the workings of the above gas price determination is at Annexure A¹⁹ hereto.²⁰
- (d) Not later than twenty (20) Days prior to the commencement of the Price Notification Period during which the Operator expects first Natural Gas production to commence, the Operator shall submit to the Authority concerned a calculation of the Reference Crude Price in US Dollars and the corresponding Natural Gas price to be fixed on the first Day of such Price Notification Period.
- (e) Thereafter, Operator shall submit to the relevant authority concerned the relevant Reference Crude Price and the corresponding Natural Gas price calculation in US Dollars (applicable to each six (6) Month Price Notification Period prior to each preceding 10th December and 10th June respectively).
- (f) The prices so notified shall be after rounding the quotient to four (4) decimal places.

¹⁷ Insert if amendments are made for conversion to 2012 Policy only.

¹⁸ Insert if amendments are made for conv to 2012 PP as well as applicability of Zone 1F and omit Schedule II.

¹⁹ Insert Annex number after last Annex to PCA.

²⁰ For the said Annex, insert illustration from Annexure – A of Schedule - II hereto.

- (g) THE PRESIDENT shall ensure that details of the quantities of the Arabian/Persian Crude Oils imported into Pakistan are supplied to Operator not later than twenty-five (25) Days prior to the commencement of the relevant Price Notification Period for the purpose of calculations.
- (h) Operator shall submit to the authority concerned a draft pricing notification setting out the US Dollar prices resulting from this Article for the relevant Price Notification Period
- (i) Such pricing notification shall be published in US Dollars in the official Gazette for the purposes of the Gas Sales Agreement within forty-five (45) Days of the date of receipt of the aforesaid draft pricing notification.
- (j) For the purpose of notification of gas prices under this Article, the Authority concerned means Oil and Gas Regulatory Authority established under the Oil and Gas Regulatory Authority Ordinance No. XVII of 2002 or any other authority which may lawfully substitute it.
- (k) Natural Gas prices shall be adjusted as provided above, duly notified and, if any differential is required to be paid by buyer(s) a balancing invoice may be issued.”

“10A.2 A windfall levy shall be payable to the Government by the Working Interest Owners on production on or after 29th January 2024 from each discovery arising out of a New Exploration Effort ("**Windfall Levy**"). For sale of Natural Gas to parties other than the Government/a Nominated Buyer, a Windfall Levy ("**WLG**") will be applicable on the difference between the applicable Zone price as outlined in Article 10A.1 above and the actual sale price, using the following formula:

$$\mathbf{WLG = 0.4 \times (PG-BR) \times V}$$

Where:

WLG – Windfall Levy on share of Natural Gas;

PG – Third party sale price of Natural Gas;

BR - Base price, which is the applicable Natural Gas price, as outlined in Article 10A.1 above;

V – Volume of gas sold to third party excluding Royalty.

Where the sale price of Natural Gas is less or equal to the BR, the Windfall Levy shall be zero.”

- (a) Windfall Levy shall be allowable as a tax-deductible expense.
- (b) Windfall Levy shall be due on any production on or after 29th January 2024 resulting from New Exploration Efforts.”

4.2 The following new Article10B shall be inserted at the end of Article 10, after Article 10A inserted above:

“10B. EWT Pricing

Any Natural Gas discovered on or after 29th January 2024 and sold prior to Date of Commercial Discovery shall attract a 5% discount on any price paid by the PRESIDENT or Nominated Buyer or otherwise designated buyer, provided it was pipeline specification gas, otherwise a 10% discount shall apply.”

- 4.3 The following new Article10C shall be inserted at the end of Article 10, after Article 10B inserted above:

“10C. Windfall Levy (WLO) on Crude Oil & Condensate

For production of Crude Oil and Condensate from a discovery arising out of a New Exploration Effort commenced on or after 29th January 2024, Windfall Levy (WLO) will be applicable on crude oil and condensate using the following formula:

$$\mathbf{WLO = 0.4 \times (M-R) \times (P-B)}$$

Where:

WLO - Windfall Levy on crude oil and condensate

M - Net production (petroleum produced & saved)

R - Royalty

P - Market Price of crude oil and condensate as set out in paragraph 4.3A and 4.3B below.

B - Base Price, which will be as under:

- a. The base price for crude oil and condensate will be USD 40 per bbl.
- b. This base price for crude and condensate will escalate each calendar year by USD 0.5 per barrel starting from the date of first commercial production in contract area.”

4.3 A Crude Oil

For New Exploratory Efforts, the Producer Policy Price for crude oil delivered at the nearest refinery gate shall be equal to C&F price of a comparable crude oil or a basket of Arabian/Persian Gulf crude oils (Reference Crude or RC) plus or minus a quality differential between the RC and the local crude oil. No other adjustment or discount will apply other than Windfall Levy. C&F price will be arrived at on the basis of FOB price of imported crude oils into Pakistan plus freight on AFRA, which is deemed chartered rate.

4.3 B Condensate

For New Exploratory Efforts, the Producer Policy Price for condensate will be the FOB price of internationally quoted comparable condensate delivered at the nearest refinery gate plus or minus a quality yield differential, based on the value in the Arabian Gulf spot products market of the crude oil/condensate. No other adjustment or discount will apply other than Windfall Levy.

Provided that the above clause 4.3 shall become operational after approval of amendments in Petroleum Exploration and Production Policy 2012 by the Council of Common Interests (CCI), a summary for which is presently under process.”

5. Training and Employment- Article XVII

The financial figures in Article 17.3 shall be deleted and replaced with, US\$ 25,000 and US\$ 50,000 respectively, to be effective from 29th January 2024.

216. Production Bonuses -Article XXIII

6.1 With effect from 29th January 2024, the table in Article 23.1²² shall be replaced with the following table, or in the event the PCA does not have a table of production bonuses, to replace the text regarding production bonuses with the following table:

Cumulative Production (MMBOE)	Amount (USD)
At start of Commercial Production	600,000
30	1,200,000
60	2,000,000
80	5,000,000
100	7,000,000

6.2 Immediately after the above table, there shall be inserted the following two sentences, if not already provided for in Article 23:

"The production bonus shall be expended on social welfare projects in and around the respective Area according to the guidelines issued from time to time.

For the avoidance of doubt, the production obtained during any extended well test (EWT) will be treated as part of cumulative production for the purpose of determining production bonuses."

6.3 For the avoidance of doubt, production bonus payable under the table replaced above shall be only applicable prospectively and any stage for which payment has already been made under an earlier table shall not be due again by virtue of the table being replaced by this Supplemental Agreement.

237. Miscellaneous- Article XXIX

7.1 With effective from 29th January 2024, the table in Article 29.10 shall be replaced with the following table, and the amount in the text of the Article replaced with "thirty thousand US Dollars (US\$30,000)".

Production Rate (BOE/d)	Amount/Lease Year (USD)	
	Zone I	Zones II & III
Less than 2,000	50,000	37,500
2,000 -5,000	100,000	75,000

²¹ If this SA is for the 2009 Model PCA this clause is not required.

²² Virtually all PCAs have a table at article 23.1, but a few of the older ones it may be a different number.

²³ If this SA is for the 2009 Model PCA this clause is not required.

5,000 – 10,000	200,000	150,000
10,000 – 50,000	400,000	300,000
More than 50,000	700,000	525,000

²⁴7.2 In the event, in Article 29.10 the words “and the Ministry” shall be deleted and replaced with the following sentence (or similar thereto) is not present the same shall be inserted:

“The Government will issue necessary guidelines for social welfare programs as deemed appropriate from time to time.”

8. Wherever the words “Zone I” are appearing, the same shall be replaced with the words “Zone – I(F)” wherever the context so permits.²⁵

This Schedule - I of the Supplemental Agreement ends here.

²⁴ Only for PCAs if the word "Ministry" is present.

²⁵ Insert if amendments are made for conv to 2012 PP as well as applicability of Zone 1F and omit Schedule II.

AMENDMENTS TO THE PCA FOR CONVERSION TO 2012 POLICY

(29th January 2024 onwards)

1. In Article – 10 (“RIGHT OF ACQUISITION OF PETROLEUM”), sub-article [10.2(f) or 10A.1(b)²⁶], the definition of “**Dz**” stands amended and shall be read as:

“**Dz** is the zone index which shall have the value of 73.88% for Zone – I(F).”

2. The **Annexure A** (“GAS PRICE ILLUSTRATION”) of the PCA is supplemented to include Annexure - A of this Schedule - II.
3. Wherever the words “Zone I” are appearing, the same shall be replaced with the words “Zone – I(F)” wherever the context so permits.

This Schedule - II of the Supplemental Agreement ends here.

²⁶ Choose the appropriate reference in accordance with the PCA or SA to PCA for conversion to 2012 PP.

GAS PRICE ILLUSTRATION - I

\$/BBL

A.	Weighted average imported Crude Oil C & F Price (Assumed RCP)	45
	Floor Price (C&F)	10
	Ceiling Price (C&F)	110

B. Apply sliding scale discounts to C&F crude oil price after floor price and upto ceiling price:

US\$ / BBL	Applicable % of C&F Price	US\$ / BBL
Up to 10	n/a	=10 (A)
Above 10 to 30	100%	=20 (B)
Above 30 to 50	Plus 50% of incremental increase	=7.5 (C)
Above 50 to 70	Plus 30% of incremental increase	=0 (D)
Above 70 to 110	Plus 20% of incremental increase	=0 (E)
Applicable C&F Price	(A + B + C + D + E)	=37.5

C. Marker Price = Applicable C&F price x respective Zonal discount

Zone – I(F)	73.88% of Applicable C&F Price	27.7050
Zone I	71.40% of Applicable C&F Price	26.7750
Zone II	68.16% of Applicable C&F Price	25.5600
Zone III	64.91% of Applicable C&F Price	24.3413

D. Conversion factor * assumed (MMBTU / BBL) 5.7

E. Zone wise producer prices for pipeline quality specification gas in US\$/MMBTU:

Zone – I(F)	4.8605
Zone I	4.6974
Zone II	4.4842
Zone III	4.2704

Note: * Weighted average heating value in MMBtu/bbl per type of imported Crude Oil, as applicable during the period.

GAS PRICE ILLUSTRATION - II

	<u>\$/BBL</u>
B. Weighted average imported Crude Oil C & F Price (Assumed RCP)	140
Floor Price (C&F)	10
Ceiling Price (C&F)	110

C. Apply sliding scale discounts to C&F crude oil price after floor price and upto ceiling price:

US\$ / BBL	Applicable % of C&F Price	US\$ / BBL
Up to 10	n/a	=10 (A)
Above 10 to 30	100%	=20 (B)
Above 30 to 50	Plus 50% of incremental increase	=10 (C)
Above 50 to 70	Plus 30% of incremental increase	=6 (D)
Above 70 to 110	Plus 20% of incremental increase	=8 (E)
Applicable C&F Price	(A + B + C + D + E)	=54

C. Marker Price = Applicable C&F price x respective Zonal discount

Zone – I(F)	73.88% of Applicable C&F Price	39.8952
Zone I	71.40% of Applicable C&F Price	38.5560
Zone II	68.16% of Applicable C&F Price	36.8064
Zone III	64.91% of Applicable C&F Price	35.0514

D. Conversion factor * assumed (MMBTU / BBL) 5.7

E. Zone wise producer prices for pipeline quality specification gas in US\$/MMBTU:

Zone – I(F)	6.9992
Zone I	6.7642
Zone II	6.4573
Zone III	6.1494

Note: * Weighted average heating value in MMBtu/bbl per type of imported Crude Oil, as applicable during the period