

**SUPPLEMENTAL AGREEMENT**

**IN RESPECT OF**

**[•]**

**PETROLEUM CONCESSION AGREEMENT**

**BLOCK NO. [•]**

**(ZONE [•])**

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**CONVERSION TO PETROLEUM EXPLORATION &  
PRODUCTION POLICY 2012**

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**SUPPLEMENTAL AGREEMENT TO THE**  
**[●] PETROLEUM CONCESSION AGREEMENT**  
**(BLOCK [●])(ZONE [●])**

THIS SUPPLEMENTAL AGREEMENT ("**Supplemental Agreement**") is entered into at Islamabad on this [●] day of [●] 201[●] between:

1. THE PRESIDENT OF THE ISLAMIC REPUBLIC OF PAKISTAN which term shall include its successors and assigns ("**PRESIDENT**") through the Ministry of Petroleum & Natural Resources, 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**"); and
4. GOVERNMENT HOLDINGS (PRIVATE) LIMITED, a company incorporated under the laws of Pakistan, having its registered office at Pak Secretariat, Block "A", Islamabad, and an office at House No. 17, Street No. 89, G-6/3, Islamabad ("**GHPL**");

the PRESIDENT, ABC, XYZ and GHPL hereinafter referred to individually as a "**Party**" and collectively as the "**Parties**", and in each case shall include its successors and assigns.

**RECITALS<sup>1</sup>:**

- a) On [●] the President granted to [ABC, XYZ and GHPL]<sup>2</sup>, the Petroleum Exploration Licence No. [●] in respect of Block No. [●].
- b) Simultaneous with the grant of the said Licence, the same parties executed the [●] Petroleum Concession Agreement.
- c) Pursuant to the execution of Petroleum Concession Agreement, the President granted to [\_\_\_\_\_] Lease No. [ ]<sup>3</sup>.
- d) The Government of Pakistan ("**Government**") notified: vide SRO 1153(I)/2007 dated 27<sup>th</sup> November 2007, the Pakistan Petroleum Exploration and Production Policy 2007 ("**2007 Policy**"), vide SRO 249(I)/2009 dated 20<sup>th</sup> March 2009, the Pakistan Petroleum Exploration and Production Policy 2009 ("**2009 Policy**") and, vide SRO 1078(I)/2012 dated 30<sup>th</sup> August 2012 the Pakistan Petroleum Exploration and Production Policy 2012 as amended by SRO 813(I)/2012 dated 23<sup>rd</sup> September 2013 ("**2012 Policy**").

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<sup>1</sup>Recital shall be adjusted to cover all assignments subsequent to the grant by the respective Companies.

<sup>2</sup> Amend to reflect original Working Interest Owners.

<sup>3</sup> Omit if no lease.

- e) ABC, XYZ and GHPL elected to exercise the option of adopting in the PCA certain new terms as provided in the [2012][, 2009][ and 2007]<sup>4</sup> Policy, vide letter dated [●]. By para 14.8 of the 2009 Policy and then para 13.7 of the 2012 Policy, the said Working Interest Owners were deemed to have opted for the terms in the 2009 Policy and then the 2012 Policy.<sup>5</sup>
- f) The "Conversion Package" 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<sup>6</sup> and (iv) financial obligations relating to production bonus, social welfare, and training.
- g) In order to give effect to the stated Conversion Package, from the Conversion Date (defined below), the Parties hereby enter into this Supplemental Agreement.

**NOW THEREFORE** the Parties agree as follows:

1. Herein, the term "**PCA**" shall mean the Petroleum Concession Agreement referred to above in the Recitals, as may have been amended or novated from time to time, [including specifically by Supplemental Agreement adopting terms in the 2007 Policy][and][Supplemental Agreement adopting terms in the 2009 Policy]]<sup>7</sup>.
2. 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.
3. Herein, the term "**Conversion Date**" shall mean the earlier of (a) 30<sup>th</sup> August 2012 and (b) either (i) the date an Exploration Well, resulting in a discovery, was spudded, provided the Working Interest Owners elected to exercise the option to adopt the 2007 Policy or 2009 Policy prior thereto, or (ii) 27<sup>th</sup> November 2007, where an Exploration Well, resulting in a discovery, was spudded prior to 27<sup>th</sup> November 2007 and the Working Interest Owners elected to exercise the option to adopt the 2007 Policy.
4. This Supplemental Agreement shall be read and construed as an agreement supplemental to the PCA. Except as provided herein, all provisions of the PCA shall remain unchanged and continue in full force and effect.
5. The PCA hereby stands amended to the extent provided in Schedule 1, and additionally, if the Conversion Date is between:

<sup>4</sup> To delete as appropriate.

<sup>5</sup> Amend to exclude 2009 Policy if original option was for 2009 Policy and delete entire sentence if original option was for 2012 Policy.

<sup>6</sup>Only for PCA executed under 1994 & 1997 Policies. For all other policies / PCA WLO will not be part of Package.

<sup>7</sup> Include if appropriate. Ensure if Supplemental Agreement to convert to 2007 and/or 2009 Policy are concluded that this Supplemental Agreement does not pre-date them. No compulsion to sign this in supersession of those.

(a) 20<sup>th</sup> March 2009 and 29<sup>th</sup> August 2012 (both inclusive), the PCA hereby stands amended from the Conversion Date to the extent and for the period provided in Schedule 2.

(b) 27<sup>th</sup> November 2007 and 19<sup>th</sup> March 2009 (both inclusive), the PCA hereby stands amended from the Conversion Date to the extent and for the period provided in Schedules 2 and 3<sup>8</sup>.

6. Each New Exploration Effort (as defined in Schedules 1 to 3, hereto), as at the date hereof, is specified in Schedule 4<sup>9</sup>.

7. (a) The Working Interest Owners will provide to the Government a draft statement within two (2) months of the date hereof specifying sums due to the Parties as a result of the said amendments in the PCA. Such statement shall be finalized by the Parties within six (6) months of the Working Interest Owners providing such draft statement. The Government shall facilitate that all gas price notifications are issued by the relevant authority and payments are made by Parties accordingly as a result of the amendments in the PCA through this Supplemental Agreement, such that all payments are made to the Parties within twelve (12) months of the statement being finalized.

(b) Any payment as a result of the aforementioned statement or price adjustment(s) will be deemed, for all purposes (including tax), as an expense or income during the fiscal year in which it was actually made or received.

**IN WITNESS WHEREOF** this Supplemental Agreement has been executed on behalf of each Party hereto on the date first above mentioned.

For and on behalf of the President  
of the Islamic Republic of Pakistan

For and on behalf of  
ABC

\_\_\_\_\_  
Print Name:  
Title:  
NIC:

\_\_\_\_\_  
Print Name:  
Title:  
NIC:

Witnesses:

Witnesses:

1. \_\_\_\_\_  
Name:  
CNIC:

1. \_\_\_\_\_  
Name:  
CNIC:

<sup>8</sup> Only the applicable Schedules to be attached

<sup>9</sup> Details in Schedule 4 should be completed using the format therein, or if no New Exploration Effort, it should be stated as "None as at the date hereof".

2. \_\_\_\_\_  
Name:  
CNIC:

2. \_\_\_\_\_  
Name:  
CNIC:

For and on behalf of XYZ

For and on behalf of Government  
Holdings (Pvt) Ltd.

\_\_\_\_\_  
Print Name:  
Title:  
CNIC:

\_\_\_\_\_  
Print Name:  
Title:  
CNIC:

Witnesses:

Witnesses:

1. \_\_\_\_\_  
Name:  
CNIC:

1. \_\_\_\_\_  
Name:  
CNIC:

2. \_\_\_\_\_  
Name:  
CNIC:

2. \_\_\_\_\_  
Name:  
CNIC:

## SCHEDULE 1

### AMENDMENTS TO THE PCA

(30<sup>th</sup> August 2012 onwards)

1. (a) The amendments to the PCA provided in this Schedule shall be effective from 30<sup>th</sup> August 2012.

(b) 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).

2. **Definitions - Article I<sup>10</sup>**

(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 27<sup>th</sup> November 2007 in the area of a Licence 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 inserted<sup>11</sup>:

“save as provided in rule80(3) of Pakistan Onshore Petroleum (Exploration and Production) Rules, 2013”.

3. **Working Interest Ownership - Article V<sup>12</sup>**

The following new article shall be inserted at the end of Article V as Article [5.7] [5.8]<sup>13</sup>.

(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 regard to:-

<sup>10</sup> If this SA is for a 2009 Model PCA, Article numbers should be in digits and not Roman numerals.

<sup>11</sup> Only applicable for PCAs executed prior to Petroleum Policy 2009

<sup>12</sup> Title will be “Government Holding’s Rights” for pre 2001 PCAs

<sup>13</sup> 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

- (i) technical justification for EWT;
- (ii) proposed duration for EWT; and
- (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 days if the gas infrastructure is located within twenty-five 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 30<sup>th</sup> August 2012.

- 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 30<sup>th</sup> of June or 31<sup>st</sup> of December as the case may be.
- b. Where, as a result of a New Exploration Effort commenced on or after 30<sup>th</sup> August 2012, Natural Gas is produced, the price thereof shall be computed and notified according to the following:

$$\mathbf{Pg = Pm * Dz / Cf}$$

Where,

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

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

- When RCP is USD10/barrel or below, Pm equals USD10.

- When RCP is higher than USD10/barrel and not over USD 30/barrel, Pm equals RCP;
- When RCP is higher than USD 30/barrel and not over USD 50/barrel, Pm 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.

**"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 Annex [●]<sup>14</sup> hereto.<sup>15</sup>
- 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 10<sup>th</sup>December and 10<sup>th</sup>June respectively).

<sup>14</sup> Insert Annex number after last Annex to PCA.

<sup>15</sup> For the said Annex, insert illustration from Schedule 5 hereto, for the relevant Zone.

- f. The prices so notified shall be after rounding the quotient to four (4) decimal places.
- 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 30th August 2012 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.”

- c. Windfall Levy shall be allowable as a tax deductible expense.
- d. Windfall Levy shall be due on any production on or after 30<sup>th</sup> August 2012 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 30<sup>th</sup> August 2012 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 30th August 2012, Windfall Levy (WLO) will be applicable on crude oil and condensate using the following formula:

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

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 30<sup>th</sup> August 2012.

## **166. Production Bonuses -Article XXIII**

6.1 With effect from 30<sup>th</sup> August 2012, the table in Article 23.1<sup>17</sup> 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.

## **187. Miscellaneous- Article XXIX**

<sup>16</sup>If this SA is for the 2009 Model PCA this clause is not required.

<sup>17</sup> Virtually all PCAs have a table at article 23.1, but a few of the older ones it may be a different number.

<sup>18</sup> If this SA is for the 2009 Model PCA this clause is not required.

- 7.1 With effective from 30<sup>th</sup> August 2012, 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 1	ZonesII& III
Less than 2,000	50,000	37,500
2,000 -5,000	100,000	75,000
5,000 – 10,000	200,000	150,000
10,000 – 50,000	400,000	300,000
More than 50,000	700,000	525,000

- <sup>19</sup>7.2 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.”

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<sup>19</sup> Only for PCAs if the word "Ministry" is present

## SCHEDULE 2

### AMENDMENTS TO THE PCA

(20<sup>th</sup> March 2009 to 29<sup>th</sup> August 2012)

1. (a) The amendments to the PCA provided in this Schedule shall cover the period from 20<sup>th</sup> March 2009 to 29<sup>th</sup> August 2012 (both inclusive) except as otherwise provided in clause 3, below.

(b) For the avoidance of doubt, any 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 & Condensate](#) and not replace such earlier provision(s).

#### 2. Definitions - Article I

The following definitions shall be inserted in Article 1:

“**New Exploration Effort**” means an Exploration Well under drilling and/or spudded between 20<sup>th</sup> March 2009 to 29<sup>th</sup> August 2012 (both inclusive) in the area of the Licence or Lease.”

#### 3. Right of Acquisition of Petroleum - Article X

3.1 The following new articles shall be inserted at the end of Article 10, as Articles 10C.

“10C. The following provisions shall apply to production from a discovery arising out of a New Exploration Effort commenced between 20<sup>th</sup> March 2009 and 29<sup>th</sup> August 2012 (both inclusive) and shall continue to apply notwithstanding any other provision of this Agreement:

10C.1 Natural Gas Price for all production from a discovery arising out of a New Exploration Effort commenced between 20<sup>th</sup> March 2009 and 29<sup>th</sup> August 2012 (both inclusive).

- 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 1<sup>st</sup> January and 1<sup>st</sup> July each year except the first period which may commence from the start of Commercial Production till 30<sup>th</sup> of June or 31<sup>st</sup> of December as the case may be.
- b. Where, as a result of a New Exploration Effort commenced between 20<sup>th</sup> March 2009 and 29<sup>th</sup> August 2012 (both inclusive), Natural Gas is produced,

the price thereof shall be the computed and notified as the arithmetic average of Pg2009 and Pg2001, as follows:

Natural Gas price shall be the arithmetic average of Pg2009 and Pg2001.

$$\mathbf{Pg2009 = Pm * Dz / Cf}$$

Where,

“**Pg2009**” is the gas price in USD per MMBTU.

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

- If RCP is USD20/barrel or below, Pm equals RCP.
- If RCP is higher than USD20/barrel and not over USD 30/barrel, Pm equals 20 plus 50% of the incremental RCP above USD20/barrel;
- If RCP is higher than USD 30/barrel and not over USD 40/barrel, Pm equals 25 plus 30% of the incremental RCP above USD 30/barrel;
- If RCP is higher than USD40/barrel and not over USD 70/barrel, Pm equals 28 plus 20% of the incremental RCP above USD 40/barrel;
- If RCP is higher than USD 70/barrel and not over USD 100/barrel, Pm equals 34 plus 10% of the incremental RCP above USD 70/barrel;
- If the RCP is above USD100/barrel, Pm equals 37.
- The said ceiling of USD 100/barrel would be reviewed after every five years after the issuance of the Petroleum Exploration and Production Policy 2009 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 Period as 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 67.5% for Zone III; 72.5% for Zone II, 77.5% for Zone I.

“**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.

$$\mathbf{Pg2001 = Pm * Dz / Cf}$$

Where,

“**Pg2001**” is the gas price in USD per MMBTU.

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

- If RCP is USD10/bbl or below, Pm equals 10;
- If RCP is over USD10/bbl and not over US\$16/bbl, Pm equals RCP;
- If RCP is over USD16/bbl and not over USD 21/bbl, Pm equals 16 plus 50% of the incremental RCP above USD16/bbl;
- If RCP is over USD 21/bbl and not over USD 26/bbl, Pm equals 18.5 plus 30% of the incremental RCP above USD 21/bbl;
- If RCP is higher than USD26/bbl and not over USD 36/bbl, Pm equals 20 plus 20% of the incremental RCP above USD 26/bbl;
- If RCP is USD 36/bbl and higher, Pm equals 22;
- The floor of USD10/bbl and ceiling of USD36/bbl would be reviewed after every five years after the issuance of the Petroleum Exploration and Production Policy 2001, keeping in view the then prevailing conditions.

“**RCP**”, “**Dz**” and “**Cf**” shall have the meaning ascribed to them under the formula for Pg2009, above.

- c. Illustration of the workings of the above gas price determination is at Annex [●]<sup>20</sup> hereto.<sup>21</sup>
- 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 10<sup>th</sup>December and 10<sup>th</sup>June respectively).
- f. The prices so notified shall be after rounding the quotient to four (4) decimal places.
- 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.

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<sup>20</sup> Insert Annex number after last Annex already attached to PCA.

<sup>21</sup> For the said Annex, insert Schedule 6 to this Supplemental Agreement.

- 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 retrospectively adjusted as provided above, duly notified and, if any differential is required to be paid by buyer(s), a balancing invoice may be issued.

“10C.2 A windfall levy shall be payable to the Government by the Working Interest Owners on production between 20<sup>th</sup> March 2009 and 29<sup>th</sup> August 2012 (both inclusive) from each discovery arising out of a New Exploration Effort (“**Windfall Levy**”). For sale of Natural Gas to parties other than the Government and a Nominated Buyer, a Windfall Levy (“**WLG**”) will be applicable on the difference between the applicable Zone price as outlined in Article 10C.1 above and the actual sale price, using the following formula:

$$\mathbf{WLG = 0.5 \times (PG - BR) \times V}$$

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 10C 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. If applicable, Windfall Levy shall be due on any production between the Conversion Date and 29<sup>th</sup> August 2012 (inclusive) from New Exploration Efforts.

3.2 The following new Article shall be inserted at the end of Article 10, after Article 10C inserted above:

## “10D. EWT Pricing

A discount of 10% shall be applicable on any price paid by the PRESIDENT or Nominated Buyer or otherwise designated buyer for Natural Gas discovered between 20<sup>th</sup> March 2009 and 29<sup>th</sup> August 2012 (both inclusive) and sold prior to Date of Commercial Discovery.”

### 3.3 The following new Article 10E shall be inserted at the end of Article 10, after Article 10D inserted above:

#### “10E. 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 between 20<sup>th</sup> March 2009 and 29<sup>th</sup> August 2012 (both inclusive), Windfall Levy (WLO) will be applicable on crude oil and condensate using the following formula:

$$\mathbf{WLO = 0.5 \times (M-R) \times (P-B)}$$

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 3.3A and 3.3B below;

B - Base Price, which will be as under:

a. The base price for crude oil and condensate will be USD 30 per bbl.

b. This base price for crude and condensate will escalate each calendar year by USD 0.25 per barrel starting from the date of first commercial production in contract area.

Notwithstanding above, in the event Market Price of Crude Oil/Condensate exceeds US\$ 100/barrel, the 100% benefit of Windfall Levy will pass on to the Government.

#### 4.23.3A 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.

#### 3.3B 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.

<sup>22</sup>Provided that the above clause 3.3 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.

#### **4. Training and Employment- Article XVII**

From 20<sup>th</sup> March 2009 to 29<sup>th</sup> August 2012 (both inclusive), the financial figures in Article 17.3 shall be deleted and replaced with US\$25,000 and US\$50,000 respectively.

#### **<sup>23</sup>5. Production Bonuses- Article XXIII**

5.1 From 20<sup>th</sup> March 2009 to 29<sup>th</sup> August 2012 (both inclusive), the table in Article 23.1<sup>24</sup> shall be replaced with the following table, or in the event the PCA does not have a table of production bonuses, the text regarding production bonuses will be replaced 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

5.2 Immediately after the above table(s), there shall be inserted the following sentence, if not already provided for in Article 23:

“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.”

5.3 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.

#### **<sup>25</sup>6. Miscellaneous- Article XXIX**

<sup>22</sup> [This proviso shall be excluded from SAs signed after approval Policy Amendment Summary by CCI.](#)

<sup>23</sup> If this SA is for the 2009 Model PCA this clause is not required.

<sup>24</sup> Virtually all PCAs have a table at article 23.1, but a few of the older ones it may be a different number.

<sup>25</sup> If this SA is for the 2009 Model PCA this clause is not required.

From 20<sup>th</sup> March 2009 to 29<sup>th</sup> August 2012 (both inclusive), the table in Article 29.10 shall be replaced with the following table, and the amount in the text of the Article will be replaced with “thirty thousand US Dollars (US\$30,000)”:

Production Rate(BOE/d)	Amount/Lease Year (USD)	
	Zone 1	Zones II & III
Less than 2,000	50,000	37,500
2,000 -5,000	100,000	75,000
5,000 – 10,000	200,000	150,000
10,000 – 50,000	400,000	300,000
More than 50,000	700,000	525,000

## SCHEDULE 3

### AMENDMENTS TO THE PCA

(27<sup>th</sup> November 2007 to 19<sup>th</sup> March 2009)

1. (a) The amendments to the PCA provided in this Schedule 3 shall cover the period from 27<sup>th</sup> November 2007 to 19<sup>th</sup> March 2009 (both inclusive), except as otherwise provided in clause 3, below.

(b) For the avoidance of doubt, any the provision for pricing of Natural Gas, [Crude Oil & Condensate](#) shall be in addition to any earlier provision(s) for pricing of Natural Gas, [Crude Oil & Condensate](#) and not replace such earlier provision(s).

#### 2. Definitions - Article I

The following definitions shall be inserted in Article 1:

“**New Exploration Effort**” means an Exploration Well under drilling and/or spudded between 27<sup>th</sup> November 2007 and 19<sup>th</sup> March 2009 (both Inclusive) in the area of a Licence or Lease.”

#### 3. Right of Acquisition of Petroleum - Article X

3.1 The following new articles shall be inserted at the end of Article 10, as Article 10E<sup>26</sup>.

“10E The following provisions shall apply to production from a discovery arising out of a New Exploration Effort commenced 27<sup>th</sup> November 2007 and 19<sup>th</sup> March 2009 (both Inclusive) and shall continue to apply notwithstanding any other provision of this Agreement

10E.1 Natural Gas Price for all production from a discovery arising out of a New Exploration Effort commenced between 27<sup>th</sup> November 2007 and 19<sup>th</sup> March 2009 (both Inclusive).

- 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 (hereinafter referred to as the "**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 30<sup>th</sup> of June or 31<sup>st</sup> of December as the case may be.
- b. Where, as a result of a New Exploration Effort commenced before 20<sup>th</sup> March 2009, Natural Gas is discovered and produced, the price thereof shall be computed and notified as follows:

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<sup>26</sup> The article number will be readjusted depending on the applicable price under the Schedule

### Zone III Price

Zone III Price shall be calculated using three linear formulae as follows:

1. Reference Crude Price of USD 20/bbl or less;
  - When RCP is equal to USD 10/bbl or less (RC10), Zone III Price will be USD 1.50/MMBTU (Gas Price Floor (GPF));
  - When RCP is equal to USD 20/bbl (RC20) Zone III Price will be USD 2.50/MMBTU ((GP20)): and
  - When RCP is greater than USD 10/bbl and less than USD 20/bbl, Zone III Price will be  $GPF + (RCP - RC10) \times [(GP20 - GPF) / (RC20 - RC10)]$ .

*For example when RCP = USD 15/bbl*

*Zone III (USD/MMBTU) = 1.50 + (15-10) x / (2.50 – 1.50) / (20 -10) /;*

*Zone III (USD/MMBTU) = 2.00*

2. Reference Crude Price greater than USD 20/bbl (RC20) and up to and including USD 45/bbl:
  - When the RCP is equal to USD 45/bbl (RC45) Zone III Price will be USD 3.00/ MMBTU (Gas Price Ceiling (GPC));
  - When RCP is greater than USD 20/bbl and less than USD 45/bbl, Zone III Price will be  $GP20 + (RCP - RC20) \times [(GPC - GP20) / (RC45 - RC20)]$ .

*For example when RCP = USD 30/bbl*

*Zone III price (USD/MMBTU) = 2.50 + (30-20) x [(3.00 – 2.50) / (45 - 20)]*

*Zone III price (USD/MMBTU) = 2.70*

3. Reference Crude Price greater than USD 45/bbl;
  - Zone III price is equal to  $GPC + (RCP-RC45) \times GPG \times [(GPC - GP20) / (RC45 - RC20)]$

Where GPG (gas price gradient) is 0.2.

*For example when RCP = USD 60/bbl*

*Zone III price (USD/MMBTU) = 3.00 + (60 - 45) x 0.20 x [(3.00 – 2.50) / (45-20)]*

$$\text{Zone III price (USD/MMBTU)} = 3.06$$

## **Zone II Price**

Zone II Price shall be calculated by adding to the Zone III Price an additional premium, as follows:

1. Reference Crude Price is USD 45/bbl or less;
  - When RCP is equal to USD 10/bbl (RC10)  
Zone II Premium floor is equal to USD 0.00/MMBTU (P10);
  - When RCP is equal to USD 45/bbl (RC45)  
Zone II Premium ceiling is equal to USD 0.25/MMBTU (P45); and
  - When RCP is greater than USD 10/bbl and less than USD 45/bbl  
Zone II Premium is equal to  $P10 + (RCP - RC10) \times [(P45 - P10) / (RC45 - RC10)]$ .

*For example when RCP = USD 30/bbl*

*Zone III price (USD/MMBTU) = 2.70 (see example above)*

*Zone II Premium (USD/MMBTU) =  $0.00 + (30 - 10) \times [(0.25 - 0.00) / (45 - 10)]$ ;*

*Zone II Premium (USD/MMBTU) = 0.14*

*Gas price Zone II (USD/MMBTU) =  $2.70 + 0.14$*

*Gas price Zone II (USD/MMBTU) = 2.84*

2. Reference Crude Price greater than USD 45/bbl;
  - Zone II Premium is equal to USD 0.25/MMBTU (P 45).

## **Zone I Price**

Zone I Price shall be applicable and calculated by adding a pricing incentive (PI) to the Zone III Price, as follows: Frontier Area Price (FAP) = Zone III Gas price + PI

PI shall be calculated as follows:

1. Reference Crude Price is USD 45/bbl or less;
  - When RCP is equal to USD 10/bbl or less (RC10)  
PI floor is equal to USD 0.00/MMBTU (PI 10);
  - When RCP is equal to USD 45/bbl (RC45)

PI ceiling for Zone I is equal to USD 0.55/MMBTU; and

- When RCP is greater than USD 10/bbl and less than USD 45/bbl  
PI is equal to  $PI_{10} + (RCP - RC_{10}) \times [(PI_{45} - PI_{10}) / (RC_{45} - RC_{10})]$ .

*For example when RCP = USD 30/bbl*

*Zone III price (USD/MMBTU) = 2.70 (see example above)*

*PI (Zone I) (USD/MMBTU) = 0.00 + (30 - 10) x [(0.55 - 0.00) / (45 - 10)].*

*PI (Zone I) (USD/MMBTU) = 0.31*

*FAP (Zone I) (USD/MMBTU) = 2.70 + 0.31*

*FAP (Zone I) (USD/MMBTU) = 3.01*

2. Reference Crude Price is greater than USD 45/bbl;

- PI is equal to PI 45 for Zone I.
- c. In each case at sub-article (b) above, “**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 Gulf crude oils imported into Pakistan during the first six months periods of the seventh months immediately preceding the relevant Price Notification Period as 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.
- 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 10<sup>th</sup> December and 10<sup>th</sup> June respectively).
- f. The prices so notified shall be after rounding the quotient to four (4) decimal places.
- 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 retrospectively adjusted as provided above, duly notified and, if any differential is required to be paid by buyer(s), a balancing invoice may be issued.

“10E.2 A windfall levy shall be payable to the Government by the Working Interest Owners on production between 27<sup>th</sup> November 2007 and 19<sup>th</sup> March 2009 (inclusive) from each discovery arising out of a New Exploration Effort (“**Windfall Levy**”). For the sale of Natural Gas to parties other than the Government and a Nominated Buyer, a Windfall Levy (“**WLG**”) will be applicable on the difference between the applicable Zone price as outlined in Article 10E.1 above and the actual sale price, using the following formula:

$$\mathbf{WLG = 0.5 \times (PG - BR) \times V}$$

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 10E.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.”

- c. Windfall levy shall be allowable as a tax deductible expense.
- d. If applicable, Windfall Levy shall be due on any production between 27<sup>th</sup> November 2007 and 19<sup>th</sup> March 2009 (both inclusive) resulting from New Exploration Efforts.

3.2 The following new article shall be inserted at the end of Article 10, after Article 10E inserted above:

“10F. EWT Pricing

A discount of 15% shall be applicable on any price paid by the PRESIDENT or Nominated Buyer or otherwise designated buyer on any Natural Gas discovered between 27<sup>th</sup> November 2007 and 19<sup>th</sup> March 2009 and sold prior to Date of Commercial Discovery.”

3.3 The following new Article 10G shall be inserted at the end of Article 10, after Article 10F inserted above:

“10G. 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 between 27<sup>th</sup> November 2007 and 19<sup>th</sup> March 2009 (both Inclusive), Windfall Levy (WLO) will be applicable on crude oil and condensate using the following formula:

$$\text{WLO} = 0.5 \times (\text{M}-\text{R}) \times (\text{P}-\text{B})$$

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 3.3A and 3.3B below;

B - Base Price, which will be as under:

a. The base price for crude oil and condensate will be USD 30 per bbl.

b. This base price for crude and condensate will escalate each calendar year by USD 0.25 per barrel starting from the date of first commercial production in contract area.

3.3A Crude Oil

For New Exploratory Efforts, the Producer Policy Price for crude oil delivered at the nearest refinery gate shall be based on the Reference Crude Price (RCP) equal to C&F price of a comparable crude oil or a basket of Arabian/Persian Gulf crude oils plus or minus a quality differential between the comparable crude oil / a basket of crude oils and the local crude oil. No other adjustment or discount will apply. 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.

3.3B 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.

Provided that the above clause 3.3 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.

**4. Training and Employment- Article XVII**

From the 27<sup>th</sup> November 2007 to 19<sup>th</sup> March 2009, the financial figures in Article 17.3 shall be replaced with, US\$25,000 and US\$50,000 respectively.

**5. Production Bonuses- Article XXIII**

5.1 From the 27<sup>th</sup> November 2007 to 19<sup>th</sup> March 2009, the table in Article 23.1<sup>27</sup> shall be replaced with the following table, or in the event the PCA does not have a table of production bonuses, the text regarding production bonuses will be replaced with the following table:

Cumulative Production (MMBOE)	Amount (USD)
At start of Commercial Production	500,000
30	1,000,000
60	1,500,000
80	3,000,000
100	5,000,000

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

“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.”

5.3 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.

<sup>28</sup>**6. Miscellaneous- Article XXIX**

From 27<sup>th</sup> November 2007 to 19<sup>th</sup> March 2009, the table in Article 29.10 shall be replaced with the following table, and the amount in the text of the Article will be replaced with “twenty five thousand US Dollars (US\$25,000)”:

Production Rate(BOE/d)	Amount/Lease Year (USD)	
	Zone 1	Zones II & III

<sup>27</sup> Virtually all PCAs have a table at article 23.1, but a few of the older ones it may be a different number.

<sup>28</sup> If this SA is for the 2009 Model PCA this clause is not required.

Less than 2,000	50,000	37,500
2,000 -5,000	100,000	75,000
5,000 – 10,000	200,000	150,000
10,000 – 50,000	400,000	300,000
More than 50,000	700,000	525,000

**SCHEDULE 4**  
**List of New Exploration Efforts (as at the date hereof)**

<b>S.No</b>	<b>Name of Exploration Well</b>	<b>Date of Well Commencement Notice to DGPC</b>	<b>Spud date</b>	<b>Date of notice of discovery to DGPC (if any)</b>

Accordingly the Conversion Date shall be[●].<sup>29</sup>

Note – if no New Exploration Effort, as at the date hereof, it should be stated “None as at the date hereof”.

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<sup>29</sup> Insert date in accordance with definition in clause 3 of the Agreement.

**SCHEDULE 5**  
(see Schedule 1, clause 3, above)

**WELL HEAD GAS PRICE ILLUSTRATION AS PER PRICING PROVISIONS OF  
POLICY 2012 FOR ZONE III**

\$/BBL

**A. Weighted average imported Crude Oil C & F Price (Assumed RCP)**

**140.00**

**Floor Price C & F**

**10.00**

**Ceiling Price**

**110.00**

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

US\$/BBL	Applicable % of C&F Price	US\$/BBL
0 to 30	100%	30
Above 30 to 50	Plus 50% of incremental increase	10
Above 50 to 70	Plus 30% of incremental increase	6
Above 70 to 110	Plus 20% of incremental increase	8
Applicable C&F Price	(A+B+C+D)	54
Marker Price Onshore Zone III	63.33% of applicable C&F price	\$34.2

Conversion Factor \* assumed (MM Btu/bbl)

5.7

Zone III producer price for pipe line quality specification gas in US\$/MMBtu

6

**WELL HEAD GAS PRICE ILLUSTRATION AS PER PRICING PROVISIONS OF  
POLICY 2012 FOR ZONE II**

- A. Weighted average imported Crude Oil C & F Price (Assumed RCP) \$/BBL**  
**140.00**
- Floor Price C & F**  
**10.00**
- Ceiling Price**  
**110.00**
- B. Apply sliding scale discounts to C&F crude oil price after floor & upto ceiling.**

<b>US\$/BBL</b>	<b>Applicable % of C&amp;F Price</b>	<b>US\$/BBL</b>
0 to 30	100%	30
Above 30 to 50	Plus 50% of incremental increase	10
Above 50 to 70	Plus 30% of incremental increase	6
Above 70 to 110	Plus 20% of incremental increase	8
Applicable C&F Price	(A+B+C+D)	54
Marker Price Onshore Zone II	66.5% of applicable C&F price	\$35.91

Conversion Factor \* assumed (MM Btu/bbl) 5.7

Zone II producer price for pipe line quality specification gas in US\$/MMBtu 6.3

**WELL HEAD GAS PRICE ILLUSTRATION AS PER PRICING PROVISIONS OF  
POLICY 2012 FOR ZONE I**

**A. Weighted average imported Crude Oil C&F Price (Assumed RCP) \$/BBL  
140.00**

**Floor Price C & F  
10.00**

**Ceiling Price  
110.00**

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

<b>US\$/BBL</b>	<b>Applicable % of C&amp;F Price</b>	<b>US\$/BBL</b>
0 to 30	100%	30
Above 30 to 50	Plus 50% of incremental increase	10
Above 50 to 70	Plus 30% of incremental increase	6
Above 70 to 110	Plus 20% of incremental increase	8
Applicable C&F Price	(A+B+C+D)	54
Marker Price Onshore Zone I	69.66 of applicable C&F price	\$37.616

Conversion Factor \* assumed (MM Btu/bbl) 5.7

Zone I producer price for pipe line quality specification gas in US\$/MMBtu 6.6

**SCHEDULE 6**  
(see Schedule 2, clause 3, above)

**WELL HEAD GAS PRICE ILLUSTRATION AS PER PRICING PROVISIONS OF POLICY 2009**

	<u>\$/BBL</u>
A. Weighted average imported Crude Oil C & F Price (Assumed RCP) 140.0000	
Floor Price (C & F)	10.0000
Ceiling Price (C & F)	100.0000
B. Apply sliding scale discounts to C&F crude oil price after floor & upto ceiling	

US\$/BBL	Applicable % of C&F Price	US\$/BBL
Upto 20	100%	=20.0000 (A)
Above 20 to 30	Plus 50% of incremental increase	= 5.0000 (B)
Above 30 to 40	Plus 30% of incremental increase	=3.0000 (C)
Above 40 to 70	Plus 20% of incremental increase	= 6.0000 (D)
Above 70 to 100	Plus 10% of incremental increase	= 3.0000 (E)
Applicable C & F Price	(A+B+C+D+E)	37.0000

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

Zone O (Offshore deep & ultra deep)	82.5% of Applicable C&F Price	30.5250
Zone-I & Zone O (Offshore shallow)	77.5% of Applicable C&F Price	28.6750
Zone-II	72.5% of Applicable C&F Price	26.8250
Zone-III	67.5% of Applicable C&F Price	24.9750

D. Conversion factor \* assumed (MM Btu/bbl) 5.7

E. Zone wise producer prices for Pipeline quality specification gas in US\$/MMBtu

Zone O (Offshore deep & ultra deep)		5.3553
Zone-I & Zone O (Offshore shallow)		5.0307

Zone-II		4.7061
Zone-III		4.3816

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

**WELL HEAD GAS PRICE ILLUSTRATION AS PER PRICING PROVISIONS OF POLICY 2001**

- \$/BBL
- A. Weighted average imported Crude Oil C & F Price (Assumed) 140.0000
- Floor Price (C & F) 10.0000
- Ceiling Price (C & F) 36.0000
- B. Apply sliding scale discounts to C&F crude oil price after floor & upto ceiling

US\$/BBL	Applicable % of C&F Price	US\$/BBL
From 10 to 16	100%	=16.0000 (A)
Above 16 to 21	Plus 50% of incremental increase	= 2.5000 (B)
Above 21 to 26	Plus 30% of incremental increase	= 1.5000 (C)
Above 26 to 36	Plus 20% of incremental increase	= 2.0000 (D)
Above 36	0%	= 0.0000
Applicable C & F Price	(A+B+C+D)	22.0000

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

Zone-I	77.5% of Applicable C&F Price	17.0500
Zone-II	72.5% of Applicable C&F Price	15.9500
Zone-III	67.5% of Applicable C&F Price	14.8500

- D. Conversion factor \* assumed (MM Btu/bbl) 5.7

- E. Zone wise producer prices for Pipeline quality specification gas in US\$/MMBtu

Zone-I	2.9912
Zone-II	2.7982
Zone-III	2.6053

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