

GOVERNMENT OF PAKISTAN  
MINISTRY OF LAW AND PARLIAMENTARY AFFAIRS  
(LAW DIVISION)



THE  
**PAKISTAN PETROLEUM (PRODUCTION)  
RULES, 1949**

AND  
STANDARD FORMS OF EXPLORATION LICENCE,  
PROSPECTING LICENCE AND MINING LEASE.

---

*(As modified up to the 31st March, 1964)*

---

PUBLISHED BY THE MANAGER OF PUBLICATIONS, GOVERNMENT OF PAKISTAN, KARACHI.

PRINTED BY THE MANAGER, GOVERNMENT OF PAKISTAN PRESS, KARACHI:

1965

Price : Rs. 2.37

# PAKISTAN PETROLEUM (PRODUCTION) RULES, 1949

## TABLE OF CONTENTS

### PART I

#### GENERAL

<i>Rule</i>								<i>Page</i>
1.	Title and commencement	..	..	..	..	..	..	1
2.	Interpretation	..	..	..	..	..	..	1
3.	Persons by whom applications may be made	..	..	..	..	..	..	2
4.	Manner in which application may be made	..	..	..	..	..	..	2
5.	Separate application to be made for each area	..	..	..	..	..	..	3
6.	Grant of more than one licence or lease to the same person	..	..	..	..	..	..	3
7.	Licence or lease not assignable without consent	..	..	..	..	..	..	3
8.	Method of making application for assignment	..	..	..	..	..	..	3
9.	Reciprocity	..	..	..	..	..	..	3
10.	Application by an alien or a company incorporated outside Pakistan	..	..	..	..	..	..	4
11.	Lapse of right to licence or lease	..	..	..	..	..	..	4
12.	Publication	..	..	..	..	..	..	4
13.	Terms and Conditions of licences and leases	..	..	..	..	..	..	4
14.	Bond	..	..	..	..	..	..	5
14A.	Pre-exploration Surveys	..	..	..	..	..	..	5

### PART II

#### OIL EXPLORATION LICENCES

15.	Grant of oil exploration licence	..	..	..	..	..	..	6
16.	Area	..	..	..	..	..	..	6
17.	Period	..	..	..	..	..	..	6
18.	Renewal	..	..	..	..	..	..	6
19.	Working obligations	..	..	..	..	..	..	6

### PART III

#### OIL PROSPECTING LICENCES

20.	Grant of oil prospecting licence	..	..	..	..	..	..	7
21.	Size of area	..	..	..	..	..	..	7
22.	Shape of area	..	..	..	..	..	..	7

( i )

TABLE OF CONTENTS—*contd.*

<i>Rule</i>		<i>Page</i>
23.	Comprehensive oil prospecting licence .. .. .	7
24.	Period .. .. .	7
25. & 25A.	} Renewal .. .. .	7
26.		Working obligations .. .. .
27.	Yearly rent .. .. .	9
28.	Royalty .. .. .	9

PART IV

OIL MINING LEASES

29.	Grant of oil mining lease .. .. .	10
30.	Size of area .. .. .	10
31.	Shape of area .. .. .	10
32.	Comprehensive oil mining lease .. .. .	10
33.	Survey expense of applicant .. .. .	10
34.	Period .. .. .	10
35.	Working obligations .. .. .	11
36.	Yearly rent .. .. .	11
37.	Royalty .. .. .	11
38.	Surface rent .. .. .	12

PART V

MISCELLANEOUS

39.	Powers of Government .. .. .	12
40.	Arbitration .. .. .	13
41.	Power of President to enter into Agreement .. .. .	13

SCHEDULES

1ST SCHEDULE—APPLICATION FORM FOR AN OIL EXPLORATION LICENCE, AN OIL PROSPECTING LICENCE OR AN OIL MINING LEASE.	15
--	----

2ND SCHEDULE—

PART I—Standard Form of Oil Exploration Licence .. .. .	17
PART II—Standard Form of Oil Prospecting Licence .. .. .	24
PART III—Standard Form of Oil Mining Leases .. .. .	41

## THE PAKISTAN PETROLEUM (PRODUCTION) RULES, 1949

*No. M(M)-4(16)48, dated the 27th August, 1949.*—In exercise of the powers conferred by section 2 of the Regulation of Mines and Oil-fields and Mineral Development (Federal Control) Act, 1948 (XXIV of 1948), the Government of Pakistan are pleased to make the following Rules which shall come into force on the 1st of September 1949 :—

### PAKISTAN PETROLEUM (PRODUCTION) RULES, 1949

#### PART I

#### GENERAL

**1. Title and commencement.**—These Rules may be called the Pakistan Petroleum (Production) Rules, 1949, and shall come into force on the 1st day of September 1949.

**2. Interpretation.**—In these Rules and in every licence and lease issued hereunder unless there is anything repugnant in the subject or context—

“Casing-head Petroleum Spirit” means any liquid hydro-carbons obtained from natural gas (before crude oil from which it is derived has been measured for royalty) by separation or by any chemical or physical process.

“Crude oil” means oil in its natural state before the same has been refined or otherwise treated, but excluding water and foreign substance.

1[“Director of Petroleum” means any officer or authority appointed by the Central Government to exercise the powers and perform the functions of the Director of Petroleum under these Rules.]

“Gallon” means Imperial gallon.

“Government” means the Government of Pakistan.

“Lessee” means a person to whom a lease under these Rules is granted, his successors in title and the persons deriving title under him.

“Licensee” means a person to whom a licence under these Rules is granted, his successors in title and the persons deriving title under him.

“Natural gas” means gas obtained from bore-holes and wells and consisting primarily of hydro-carbons.

“Petroleum” includes any mineral oil or relative hydrocarbon and natural gas existing in its natural condition in strata, but does not include coal or bituminous shales or other stratified deposits from which oil can be extracted by destructive distillation.

2[“Well-head value” of crude oil shall be the price of the competitive non-Pakistani crude oil, suitably adjusted to the same gravity and quality at the same destination as the actual ultimate destination of Pakistani crude oil, reduced by costs incurred from the point of production within Pakistan to such destination.]

<sup>1</sup> Subs. by Notfn. No. S.R.O. 1377(K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for the definition of “Director General” which was ins. by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918—20.

<sup>2</sup> Subs. for the existing definition of “Well-Head Value” by Notfn. No. M(I)-3(19)/54, dated the 16th September, 1954, see Gaz. of P., 1954, Pt. I, pp. 238-39.

[Under section 2.—Pakistan Petroleum (Production) Rules]

**3. Persons by whom applications may be made.**—Any person may apply in accordance with the Rules for—

- (a) an oil exploration licence, as set out in Part I of the Second Schedule ;
- (b) an oil prospecting licence, as set out in Part II of the Second Schedule ;
- (c) an oil mining lease, as set out in Part III of the Second Schedule.

**4. Manner in which application may be made.**—Every application shall be made in writing in the form set out in the First Schedule hereto addressed to the <sup>1</sup>[Government of Pakistan in the appropriate Ministry which Ministry] shall maintain a register of applications open to inspection upon payment of a fee of Rs. 5 per hour. The register shall be in such form as may be prescribed by the Central Government :—

- (1) The application shall state—
  - (a) in the case of an application by an individual, his address, nationality and occupation ;
  - (b) in the case of an application by a company, the nature of and the principal place of business of the company, the authorised, subscribed and paid-up capital of the company, the names and nationality of the Directors thereof and the names and holdings of the principal share-holders.
- (2) An application by an alien or a company incorporated outside Pakistan, shall contain, in addition to the matters specified in paragraph (1) of this rule, full particulars of the company to be incorporated in accordance with rule 10 in Pakistan for the purpose of receiving the grant of and working any licence or lease which may be granted in pursuance of the application.
- (3) With the application there shall be sent the prescribed fee *i.e.*, for an oil exploration licence Rs. 250, for an oil prospecting licence Rs. 500 and for an oil mining lease Rs. 1,000. If the application is refused, the Government will repay to the applicant half of the fee thus paid.
- (4) To the application there shall be attached six copies of the map upon which shall be delineated the boundaries of the areas in respect of which a licence or lease is applied for. This map shall be taken from the relevant Survey of Pakistan map of appropriate scale.
- (5) The applicant shall with his application furnish evidence as to his financial and technical qualifications and as to his ability to comply with any terms and conditions contained in the Model Clauses set out in the Second Schedule hereto relating to the licence or lease for which application is made and in the case of an application by an alien or a company incorporated outside Pakistan, the like evidence in relation to the company, if any, required to be incorporated in accordance with rule 10 in Pakistan for the purpose of receiving the grant of and working any licence or lease which may be granted in pursuance of the application. The applicant should also furnish information as regards any application for licence or lease which may have been submitted

<sup>1</sup> Subs. by Notfn. No. S.R.O. 1377(K)/62, dated the 29th December, 1962, *see* Gaz. of P., 1962, Ext., pp. 1591-92, for " Director General who " which was subs. for "Government of Pakistan in the appropriate Ministry which Ministry " by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918-20.

[Under section 2.—Pakistan Petroleum (Production) Rules]

in the past in any country and its final disposal. The applicant shall forthwith upon request by the Government furnish further evidence relating to such matters, and if such further evidence shall not have been furnished to the satisfaction of the Government within three months of the request therefor, the application shall unless the Government otherwise determines be deemed void.

- (6) The applicant who is not a national of Pakistan shall with his application furnish an undertaking that he will abstain from all political activity whatsoever affecting the sovereignty or security of Pakistan or such as may be tantamount to interference in its internal affairs and that specially he will eschew all espionage.
- (7) All information comprised in or furnished to the Government in pursuance of an application made in accordance with these Rules other than that incorporated in the register referred to in rule 4, shall be treated by the Government as Confidential.

**5. Separate application to be made for each area.**—Where an applicant requires a licence or lease for two or more areas, a separate application shall be made in respect of each area.

**6. Grant of more than one licence or lease to the same person.**—Nothing in these Rules shall prevent more than one licence or lease being granted to the same person :

<sup>1</sup>[Provided that no person shall hold at any one time in Pakistan excluding East <sup>2</sup>[Pakistan], or in East <sup>2</sup>[Pakistan],—

- (a) under an exploration licence or licences, an area exceeding 10,000 square miles,
- (b) under a prospecting licence or licences, an area exceeding 2,000 square miles, and
- (c) under a mining lease or leases, an area exceeding 500 square miles.]

**7. Licence or lease not assignable without consent.**—A licence or lease shall not be assigned without the previous consent in writing of the Government.

**8. Method of making application for assignment.**—An application by a licensee or lessee for the assignment of a licence or lease shall be made in writing addressed to the <sup>3</sup>[appropriate Ministry] and shall be accompanied by a fee of Rs. 250. With the application, the applicant shall furnish the like particulars in respect of the proposed assignee as are required to be furnished in the case of applicants for licences and leases under rule 4.

**9. Reciprocity.**—A licence or lease shall not be granted to or held by any person who is or becomes controlled directly or indirectly by a national of or by

<sup>1</sup> Proviso added by Notfn. No. M(1)-3(19)/54, dated the 16th September, 1954, see Gaz. of P., 1954, Pt. I, pp. 238-39.

<sup>2</sup> Subs. for "Bengal" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918-20.

<sup>3</sup> Subs. by Notfn. No. S.R.O. 1377(K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for "Director General", which was subs. for "appropriate Ministry" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918-20.

[Under section 2—Pakistan Petroleum (Production) Rules]

a company incorporated in any country the laws and customs of which do not permit nationals of Pakistan or companies incorporated in Pakistan to acquire, hold and operate petroleum concessions directly or indirectly on conditions which in the opinion of the Government are reasonably comparable with the conditions upon which such rights are granted to nationals of that country.

**10. Application by an alien or a company incorporated outside Pakistan.**—<sup>1</sup>[Except where the Central Government otherwise orders in writing, in the case of] an application for a licence or a lease by an alien or a company incorporated outside Pakistan or in the case of an application by a Licensee or Lessee for the Government's consent to the assignment of a licence or lease to an alien or a company incorporated outside Pakistan such licence or lease shall only be granted or assigned to a company incorporated in Pakistan for the purpose of receiving and working any such licence or lease.

**11. Lapse of right to licence or lease.**—If a licence or lease is not executed within three months after approval of the application by the Government has been conveyed to the applicant the right of the applicant to such licence or lease shall be deemed to have lapsed, unless the Government considers that the delay is not attributable to the fault of the applicant.

**11 (a).** A licensee or lessee desiring to surrender his licence or lease in whole or in part shall give Government three months' notice of his intention to do so. On the expiry of notice he shall have the right to surrender his licence or lease in whole or in part and on his doing so shall become entitled to a proportionate reduction in rent provided that such reduction in rent shall not take effect during the year in which he surrenders and for which rent has either been paid or has accrued.

**12. Publication.**—The Government shall as soon as may be, after the grant, surrender, determination or assignment of any licence or lease under these Rules, publish notice of the fact in the Gazette of Pakistan stating the name of the Licensee or Lessee or Assignee and the situation of the area concerned.

**13. Terms and conditions of licences and leases.**—<sup>2</sup>[Every oil exploration licence and oil prospecting licence and oil mining lease shall, subject to such modifications as may be made by Government, be in the form set out in Parts I, II and III respectively, of the Second Schedule hereto and shall include such additional clauses relating to ancillary matters as the Government may deem fit to insert.] Subject to satisfactory observance and performance of the terms and conditions of the exploration or prospecting licence, as the case may be, the holder of an exploration or prospecting licence shall have a right to receive a prospecting licence or a mining lease in the form set out in Part II or III of the Second Schedule respectively as may be in force on the day previous to that on which the licence for exploration or prospecting as the case may be <sup>3</sup>[was first issued.]

<sup>1</sup> Subs. for "In the case of" by Notfn. No. M(1)-4(7)/54, dated the 12th August, 1954, see Gaz. of P., 1954, Ext., p. 1639.

<sup>2</sup> Subs. for the first sentence of rule 13 by Notfn. No. M(1)-3(15)/54, dated the 13th September, 1954, see Gaz. of P., 1954, Pt. I, p. 238.

<sup>3</sup> Subs. for the words "was issued" by Notfn. No. M(1)-3(19)/54, dated the 16th September, 1954, see Gaz. of P., 1954, Pt. I, pp. 238-39.

[Under section 2.—Pakistan Petroleum (Production) Rules]

**14. Bond.**—Before the grant of any such licence or lease a Bond for such amount as Government may in each case prescribe shall be executed in the form appropriate to such licence or lease and set out in the Second Schedule hereto<sup>1</sup>[and the said bond shall cover the period of renewal as well if any renewal is granted under the rules.]

**2[14-A. Pre-exploration Surveys.**—The Central Government may, in its discretion, grant permission to any person or company incorporated in or outside Pakistan (hereinafter in this rule referred to as “the grantee”) to carry out pre-exploration surveys over areas covering more than 5,000 square miles on such terms and conditions as it may determine in each case but always upon the following conditions, namely :—

- (i) The grantee shall have no right to the grant subsequently of an oil exploration licence or an oil prospecting licence or an oil mining lease over the areas covered by the grant ;
- (ii) At the conclusion of the survey, the grantee may apply for an oil exploration licence or an oil prospecting licence or an oil mining lease, as the case may be, in accordance with the Pakistan Petroleum (Production) Rules, 1949, but shall not be entitled to claim a relaxation of any rules laid down in those Rules for the grant of an oil exploration licence or an oil prospecting licence or an oil mining lease applied for by him ;
- (iii) Within two months of the grant of such permission, the grantee shall submit a programme of work for the approval of the<sup>3</sup>[Director of Petroleum] and, after obtaining his approval, carry out the work with due diligence ;
- (iv) Within six months of the date of the completion of the survey, the grantee shall make available to the<sup>3</sup>[Director of Petroleum] a complete report of the survey together with a copy of all the maps, plans, graphs and other data made or collected in the course of the survey ;
- (v) The Central Government may require the grantee to associate at the expense of the latter one or more citizens of Pakistan with the survey ;
- (vi) The grantee shall abide by all instructions which the Central Government may issue regarding the use of maps, plans, graphs and other data made or collected by the grantee in the course of the pre-exploration survey ;
- (vii) The Central Government shall have a right to revoke the grant, if in its opinion the grantee fails to observe the terms and conditions of the grant.]

<sup>1</sup> Added by Notfn. No. M-4(9)M/53, dated the 30th December, 1953, see Gaz. of P., 1954, Pt. I, p. 14.

<sup>2</sup> Rule 14A, ins. by Notfn. No. M/6960/50, dated the 27th September, 1951, see Gaz. of P., 1951, Ext., pp. 661-62.

<sup>3</sup> Subs. by Notfn. No. S.R.O. 1377(K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for “ Director General ” which was subs. for “ Secretary to the Government of Pakistan in the appropriate Ministry ” see Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918—20.



[Under section 2.—Pakistan Petroleum (Production) Rules]

## PART II

### OIL EXPLORATION LICENCES

<sup>1</sup>[15. **Grant of oil exploration licence.**—The Government may in its discretion grant an oil exploration licence over the lands specified therein subject to the payment by the licensee of an annual fee at the following rates :—

- (i) Rs. 10 per square mile or part thereof for the first year of the licence;
- (ii) Rs. 20 per square mile or part thereof for the second year of the licence ;
- (iii) Rs. 40 per square mile or part thereof for the third year of the licence ;
- (iv) Rs. 80 per square mile or part thereof for the fourth year of the licence, if renewal for the fourth year is granted.]

16. **Areas.**—An oil exploration licence shall not be granted in respect of any area of more than 5,000 sq. miles and less than 100 sq. miles save in cases where special exemption is granted by Government.

17. **Period.**—The initial term of an oil exploration licence shall not exceed three years.

<sup>2</sup>[18. **Renewal.**—The Government may, on an application made by the licensee in this behalf at least three months before the expiry of the term of an oil exploration licence, grant a renewal of the licence in respect of any part not exceeding 50 per cent. of the licensed area for twelve months, if it is satisfied that further exploration is necessary in the area during the period of renewal. If the licensee submits to Government a satisfactory programme of work for the period of renewal asked for, the renewal applied for an area not exceeding 50 per cent. of the total area initially covered by the oil exploration licence for a period of twelve months shall not be unreasonably withheld. No further renewal of the oil exploration licence shall be granted.]

19. **Working obligations.**—The licensee shall in respect of the area or areas covered by each licence, carry out with due diligence such schemes of exploration, including geological and/or geophysical survey and/or programme of geological core drilling as shall be approved by the <sup>3</sup>[Director of Petroleum] <sup>4</sup>], and the <sup>3</sup>[Director of Petroleum] shall not withhold such approval unreasonably].

<sup>1</sup> Subs. by Notfn. No. M-2(I)/59, dated 10th July, 1959, see Gaz. of P., 1959, Ext., pp. 1227—31, for rule 15, as amended by Notfn. No. M(M)-4(16)/48, dated the 10th January, 1950, published in the Gaz. of P., 1950, Pt. I, pp. 25-26.

<sup>2</sup> Rule 18 has successively been subs. by Notfns. Nos. M(I)-3(19)/54, dated the 16th September, 1954, and M-2(I)/59, dated the 10th July, 1959, see Gaz. of P., 1954, Pt. I, pp. 238-39; and *ibid.*, 1959, Ext., pp. 1227—31.

<sup>3</sup> Subs. by Notfn. No. S.R.O. 1377(K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for "Director General" which was subs. for "Director of Petroleum" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960 published in the Gaz. of P., 1960, Ext., pp. 1918—20.

<sup>4</sup> Added by Notfn. No. M(I)-3(19)/54, dated the 16th September, 1954, see Gaz. of P., 1954, Pt. I, pp. 238-39.

[Under section 2.—Pakistan Petroleum (Production) Rules]

The licensee shall in drawing up the programme of exploration provide for a minimum annual outlay of <sup>1</sup>[Rs. 250 per square mile or part thereof] of the area covered by the licence, or group of licences for geologically related areas. The licensee shall have the right to carry forward any cumulative excess expenditure. The licensee shall submit to the <sup>2</sup>[Director of Petroleum] at the end of every year statements of accounts audited by an approved auditor, and such other periodical reports as may be prescribed by the Government from time to time.

### PART III

#### OIL PROSPECTING LICENCES

**20. Grant of oil prospecting licence.**—The Government may grant an oil prospecting licence over the lands specified therein whether or not the applicant has been the holder of an oil exploration licence. Subject to the right of holder of oil exploration licence on satisfactory observance and performance of the terms and conditions of the licence, the grant of an oil prospecting licence shall be at the discretion of the Government.

**21. Size of area.**—An oil prospecting licence shall not be granted in respect of any area of more than 1,000 sq. miles in the case of alluvial areas or 100 sq. miles in other cases, save in cases where special exemption is granted by Government.

**22. Shape of area.**—Each separate area in respect of which an oil prospecting licence is granted, shall be, so far as possible, compact and shall either be limited by well-marked permanent physical boundaries or be bounded by straight lines, and the shape of the area shall be determined by the geological setting.

**23. Comprehensive oil prospecting licence.**—Subject to the provision of rule 5, the Government on application may grant a comprehensive oil prospecting licence in respect of two or more separate areas provided they are contiguous or situated reasonably close together and provided that the sum of such areas shall not exceed the limits prescribed in rule 21.

**24. Period.**—The initial term of an oil prospecting licence shall not exceed <sup>3</sup>[three] years.

**<sup>4</sup>25. Renewal.**—Subject to the licensee having carried out his working obligations under rule 26, the Government may, in its discretion, on application made by the licensee at least three months before the expiry of the term of an oil prospecting licence grant a renewal of the licence in respect of the whole of the licensed area or any Part or Parts thereof which comply with rule 23, for a further term of 12 months, if it is satisfied that further prospecting in the area is necessary during

<sup>1</sup> Subs. for "Rs. 5,000 for every 100 sq. miles" by Notfn. No. M-2 (I)/59, dated the 10th July, 1959, see Gaz. of P., 1959, Ext., pp. 1227—31.

<sup>2</sup> Subs. by Notfn. No. S.R.O. 1377(K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for "Director General" which was subs., for "Director of Petroleum" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918—20.

<sup>3</sup> Subs. for "four" by Notfn. No. M-2(I)/59, dated the 10th July, 1959, see Gaz. of P., 1959, Ext., pp. 1227—31.

<sup>4</sup> Subs. for rule 25, *ibid.*

[Under section 2.—Pakistan Petroleum (Production) Rules]

the period of renewal. If the applicant submits to the Government a satisfactory programme of work for the said period of renewal, renewal shall not be unreasonably withheld. No further renewal of the prospecting licence shall be granted.]

**25-A.** The licensee having before the expiry of a prospecting licence applied for a mining lease shall have the right to renewal of the prospecting licence until the mining lease applied for has been granted or refused. No fees will be payable for such renewal of an oil prospecting licence.

**26. Working obligations.**—The licensee shall in respect of the area or areas covered by each licence, carry out with due diligence such scheme of prospecting, including any geological and/or geophysical survey and/or programme of test-drilling as shall be approved by the <sup>1</sup>[Director of Petroleum] <sup>2</sup>], and the <sup>1</sup>[Director of Petroleum] shall not withhold such approval unreasonably. <sup>3</sup>[Such a programme of work shall *inter alia* provide for the commencement of drilling a test well during the first year of the prospecting licence. In case of geologically related group of prospecting licences the condition of commencement of drilling during the first year shall be deemed to be fulfilled by drilling at one structure].

The licensee shall in drawing up the programme of prospecting provide for a minimum annual outlay of <sup>4</sup>[Rs. 2,500 per square mile or part thereof] of the area covered by the licence, or group of licences for geologically related areas <sup>5</sup>\* \* \*. The licensee shall <sup>6</sup>\* \* \* have the right to carry forward any cumulative excess expenditure <sup>2</sup>[and apply the same toward the working obligations under his oil exploration licence or those under his oil prospecting licence for the same area or part thereof].

The licensee shall submit to the <sup>1</sup>[Director of Petroleum] at the end of every year statements of accounts audited by an approved auditor, and such other periodical reports as may be prescribed by the Government from time to time.

<sup>1</sup> Subs. by Notfn. No. S.R.O. 1377(K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for "Director General" which was subs. for "Director of Petroleum", by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918-20.

<sup>2</sup> Added by Notfn. No. M(I)-3(19)/54, dated the 16th September, 1954, see Gaz. of P., 1954, Pt. I, pp. 238-39.

<sup>3</sup> Added by Notfn. No. M-2(I)/59, dated the 10th July, 1959, see Gaz. of P., 1959, Ext., pp. 1227-31.

<sup>4</sup> Subs. by Notfn. No. M-2(4)/59, dated the 5th September, 1959, see Gaz. of P., 1959, Ext., p. 1505, for "Rs. 2,500 per square mile" which was subs. for "50,000 per every 100 sq. miles" by Notfn. No. M-2(1)/59, dated the 10th July, 1959, published in the Gaz. of P., 1959, Ext., pp. 1227-31.

<sup>5</sup> Certain words omitted by Notfn. No. M-2(I)/59, dated the 10th July, 1959, see Gaz. of P., 1959, Ext., pp. 1227-31.

<sup>6</sup> The words "in both cases" omitted and shall be deemed to have been omitted on the 10th July, 1960, by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918-20.

## [Under section 2.—Pakistan Petroleum (Production) Rules]

**27. Yearly rent.**—The licensee, shall for each square mile [or part thereof] comprised in the licensed area pay Government annually in advance a yearly rent at the following rates :—

- (a) in respect of each year of the initial term of an oil prospecting licence Rs. 500, and
- (b) in respect of each renewal of the term of an oil prospecting licence Rs. 1,000.

**28. Royalty.**—The licensee shall pay the Royalty hereunder specified—

- (1) On all crude oil <sup>2</sup>[sold by the licensee or if utilized by him for any other purpose than the production of petroleum]—12½ per cent. on the well-head value (convertible at the option of the Government to an equivalent charge per 40 gallons to be fixed annually) subject to a minimum of 8 annas per 40 gallons.
- (2) *Natural Gas.*—If sold by the licensee or if utilized by him for any other purpose than the production of petroleum—12½ per cent. on the well-head value.

On gas converted into gasoline the well-head value shall be calculated on the volume of gasoline manufactured ; it shall be deemed to be equivalent to the selling value of the gasoline less the cost of manufacture and the royalty shall be subject to a minimum of 8 annas per 40 gallons of gasoline manufactured.

Provided that the 12½ per cent. royalty rate shall be convertible at the option of the Government to an equivalent charge per 40 gallons of gasoline (not being less than 8 annas) or per 1,000 cubic feet of gas, as the case may be, to be fixed annually.

- (3) The said Royalties shall be assessed and paid in the manner provided in Part II of the Second Schedule hereto.
- (4) From the amount of Royalties payable in respect of any one year of the term of an oil prospecting licence, there shall be deducted the amount of the yearly rent actually paid in respect of that year.
- <sup>3</sup>[(5) Notwithstanding anything contained in clauses (1) to (4), the Government may in its discretion require the licensee to pay the 12½% royalty or part thereof in kind, that is to say in the form of crude oil or natural gas. If the Government requires payment of royalty in kind, it shall give the licensee three months' prior notice to this effect. The licensee shall provide transportation facilities to transport such crude oil or gas for which the Government shall pay the transportation charges to the licensee.]

<sup>1</sup> Added by Notfn. No. M(M)-4(16)/48, dated the 10th January, 1950, see Gaz. of P., 1950, Pt. I, pp. 25-26.

<sup>2</sup> Subs. for the words " won and saved by the licensee from the said lands " by Notfn. No. M(I)-3(4)/55, dated the 22nd December, 1955, see Gaz. of P., 1955, Pt. I, p. 512.

<sup>3</sup> Cl. (5) added by Notfn. No. M-2(I)/59, dated the 10th July, 1959, see Gaz. of P., 1959, Ext., pp. 1227—31.

## [Under section 2.—Pakistan Petroleum (Production) Rules]

## PART IV

## OIL MINING LEASES

**29. Grant of oil mining lease.**—The Government shall on being satisfied that the terms and conditions of an oil prospecting licence have been duly observed and performed, grant an oil mining lease in respect of—

- (a) an area which has previously been included either in an oil prospecting licence granted to the applicant under these Rules or under Mining Concession Rules previously in force in the Provinces or centrally administered or leased areas or in an oil mining lease granted to him previously under the Mining Concession Rules referred to above ; or
- (b) an additional area outside the area covered by an oil prospecting licence referred to in clause (a) : Provided that the additional area adjoins an area already held by the applicant under an oil mining lease referred to in clause (a) and does not exceed in extent one tenth of the area so already held.

**30. Size of area.**—An oil mining lease shall not be granted in respect of any area of more than <sup>1</sup>[50 sq. miles], save in cases where special exemption is granted by the Government.

**31. Shape of area.**—Each separate area in respect of which an oil mining lease is granted shall either be limited by—

- (a) well-marked permanent physical boundaries, or
- (b) lay out in a block or blocks bounded by straight lines between well-defined points. The shape of the area shall be determined by the geological setting.

**32. Comprehensive oil mining lease.**—Subject to the provision of Rule 5, the Government may grant a comprehensive mining lease in respect of two or more separate areas provided they are situated on the same geological structure or cover a group of geologically similar and related structures and provided further that the sum of such areas shall not exceed <sup>1</sup>[50 sq. miles].

**33. Survey expense of applicant.**—Before an oil mining lease is granted by the Government the applicant shall at his own expense cause a topographical survey of the land specified therein to be made to scale normally required for oil mining purposes, and approved by the Survey of Pakistan, and submit 6 copies thereof to the Government.

**34. Period.**—The initial term of an oil mining lease shall be 30 years, but the lease shall contain a clause permitting renewal at the discretion of the Government for a further period not exceeding 30 years, on an yearly and surface rent not exceeding twice the original yearly and surface rent respectively, the royalty payable being that which may on the day next following that on which the original lease determined, be in force. <sup>2</sup>[If the lessee has paid all rents and royalties and observed and performed all the terms and conditions of the original lease satisfactorily, such renewal shall not be unreasonably refused.]

<sup>1</sup> Subs. for " 100 sq. miles " by Notfn. No. M-2(I)/59, dated the 10th July, 1959, see Gaz. of P., 1959, Ext., pp. 1227—31.

<sup>2</sup> Added by Notfn. No. M(I)-3(19):54, dated the 16th September, 1954, see Gaz. of P., 1954, Pt. I, pp. 238-39.

[Under section 2.—Pakistan Petroleum (Production) Rules]

**35. Working obligations.**—The lessee shall in respect of the area or areas covered by each lease develop and produce from development areas in accordance with good oil field practice. The <sup>1</sup>[lessee] shall submit to the <sup>2</sup>[Director of Petroleum] at the end of every year statements of accounts audited by an approved auditor, and such other periodical reports as may be prescribed by the Government from time to time.

**36. Yearly rent.**—The lessee shall pay Government annually in advance rent at the rate of Rs. 2,000 per sq. mile <sup>3</sup>[or part thereof].

**37. Royalty.**—The lessee shall pay the Royalties hereunder specified—

- (1) On all crude oil <sup>4</sup>[sold by the lessee or if utilized by him for any other purpose than the production of petroleum]—12½ per cent. on the well-head value (convertible at the option of the Government to an equivalent charge per 40 gallons to be fixed annually) subject to a minimum of 8 annas per 40 gallons.
- (2) *Natural Gas.*—If sold by the <sup>1</sup>[lessee] or if utilized by him for any other purpose than the production of petroleum—12½ per cent. on the well-head value.

On gas converted into gasoline the well-head value shall be calculated on the volume of gasoline manufactured: it shall be deemed to be equivalent to the selling value of the gasoline less the cost of manufacture and the royalty shall be subject to a minimum of 8 annas per 40 gallons of gasoline manufactured.

Provided that the 12½ per cent. royalty rate shall be convertible at the option of the Government to an equivalent charge per 40 gallons of gasoline (not being less than eight annas) or per 1,000 cubic feet of gas, as the case may be, to be fixed annually.

- (3) The said Royalties shall be assessed and paid in the manner provided in Part III of the Second Schedule hereto.
- (4) From the amount of Royalties payable in respect of any one year of the term of an oil mining lease, there shall be deducted the amount of yearly rent actually paid in respect of that year.
- (5) Every oil mining lease shall contain a Clause providing for the periodical revision of Royalties in the manner provided in Part III of the Second Schedule hereto.

<sup>1</sup> Subs. for the word "licensee" by Notfn. No. M (I)-3(8)/56, dated the 21st September, 1956, see Gaz. of P., 1956, Ext., pp. 1684-85.

<sup>2</sup> Subs. by Notfn. No. S.R.O. 1377(K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92 for "Director General" which was subs. for "Director of Petroleum" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918-20.

<sup>3</sup> Added by Notfn. No. M(M)-4(16)/48, dated the 10th January, 1950, see Gaz. of P., 1950, Pt. I, pp. 25-26.

<sup>4</sup> Subs. for the words "won and saved by the lessee from the said lands" by Notfn. No. M(I)-3(4)/55, dated the 22nd December, 1955, see Gaz. of P., 1955, Pt. I, p. 512.

## [Under section 2.—Pakistan Petroleum (Production) Rules]

<sup>1</sup> [(6) Notwithstanding anything contained in clauses (1) to (5), the Government may in its discretion require the <sup>2</sup>[lessee] to pay the 12½ per cent royalty or part thereof in kind, that is to say in the form of crude oil or natural gas. If the Government requires payment of royalty in kind it shall give the <sup>2</sup>[lessee] three months' prior notice to this effect. The <sup>2</sup>[lessee] shall provide transportation facilities to transport such crude oil or gas for which the Government shall pay the transportation charges to the <sup>2</sup>[lessee].]

**38. Surface rent.**—The lessee shall pay for all land which he may use or occupy superficially for the purposes of the operations conducted under the lease, a surface rent at the rate assessable under the Revenue and Rent Law in the district in which the land is situated and water rates, if any, ordinarily assessable under any Irrigation Rules if the land has not been occupied for the winning of Petroleum and/or Natural Gas. If no such rent is assessable under the laws of the district, the rate may be fixed by the Government subject to a maximum of Rs. 2,000 per sq. mile.

## PART V

## MISCELLANEOUS

**39. Powers of Government.**—The Government shall have the right:—

- (a) to require the licensee or lessee to meet the internal requirements of Pakistan to the satisfaction of the Government of Pakistan before exporting either crude oil or any of its products to other countries ;
- (b) subject to any law for the time being in force to require the licensee and/or the lessee to associate Pakistan capital to the extent of <sup>3</sup>[25] per cent. of all classes of capital and debentures issued by him from time to time ;
- (c) to require the licensee or lessee to employ nationals of Pakistan in his organisation at all levels and in all branches including technical and administrative units and to arrange for the training in Pakistan and abroad of the nationals of Pakistan to fill up these aforesaid appointments. The number of Pakistan personnel to be employed or trained will be determined in consultation with the <sup>4</sup>[Director of Petroleum].

The holder of an oil mining lease will be required to employ Pakistan nationals as follows :—

For the first five years of the lease ..	1/8th of the total number of employees at various levels.
For the next five years of the lease ..	1/4th of the total number of employees at various levels.
For the next five years of the lease and thereafter .. .. .	At least 1/2 of the total number of employees at various levels.

<sup>1</sup> Cl. (6), added by Notfn. No. M-2(1)/59, dated the 10th July, 1959, see Gaz. of P., 1959, Ext., pp. 1227—31.

<sup>2</sup> Subs. and shall be deemed to have been subs. for " licensee " on the 10th July, 1960, by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918—20.

<sup>3</sup> Subs. for the figure " 30 " by Notfn. No. M(I)-3(19)/54, dated the 16th September, 1954, see Gaz. of P., 1954, Pt. I, pp. 238-39.

<sup>4</sup> Subs. by Notfn. No. S.R.O. 1377(K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92 for " Director General " which was subs. for " Director of Petroleum " by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918—20.

## [Under section 2.—Pakistan Petroleum (Production) Rules]

- (d) to pre-empt in a national emergency or war (of the existence of which Government shall be sole judge) the crude oil lying upon the land in respect of which licence or lease has been granted or elsewhere under the control of the licensee or lessee provided that the fair market price shall be paid to him for all the crude oil taken in pre-emption ; and
- (e) to cancel the licence or lease if the licensee or lessee violates the undertaking given in accordance with rule 4 (6) or fails to remedy any breach of the provisions of the licence or lease within a period of 3 months from the date such breach is brought to his notice by the <sup>1</sup>[Director of Petroleum], provided that such breach be not the subject of any question or dispute under reference to Government or under arbitration, in accordance with rule 40 ;
- (f) to require the licensee or lessee to give access to their premises to Government servants for the purpose of enquiring into the working of a licence or lease.

**40. Arbitration.**—Any question or dispute regarding the licence or lease or any matter or thing connected therewith shall be referred to the Government of Pakistan in the appropriate Ministry, whose decision shall be final provided that any dispute as regards (1) the right of the licensee to an oil prospecting licence or lease or (2) its cancellation for any violation of the undertaking given in accordance with rule 4 (6) or any breach of the provisions of the licence or lease or (3) any dispute connected with the price of crude oil pre-empted by Government or (4) price of plant purchased by Government at the expiration or sooner determination of the mining lease or (5) compensation payable to the lessee for any loss or damage that may be proved to have been sustained by the lessee by reason of Government taking control of works, plant and premises of the lessee or (6) compensation payable to the lessee on Government taking over all the rights of the lessee under any mining lease <sup>2</sup>or (7) renewal of a mining lease or (8) approval of programme of work by the <sup>1</sup>[Director of Petroleum]] shall be determined by two arbitrators—one to be nominated by the Government and the other by the licensee/lessee or in the case of disagreement between the arbitrators, by a judge of the <sup>3</sup>[Supreme Court] of Pakistan to be appointed as an umpire by the arbitrators in writing and the decision of such arbitrators or the judge of the <sup>3</sup>[Supreme Court] as umpire, as the case may be, shall be final.

<sup>4</sup>[**41. Power of President to enter into Agreement.**—The <sup>5</sup>[President] may enter into agreement with any of the oil companies incorporated in Pakistan or outside Pakistan to explore, prospect, mine and refine petroleum in Pakistan, and if any of the terms of such an agreement are in conflict with any of the provisions of the foregoing rules, the terms of the agreement shall prevail.]

<sup>1</sup> Subs. by Notfn. No. S.R.O. 1377(K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for " Director General " which was subs. for " Director of Petroleum " by Notfn. No. S.R.O. 1783(K), dated the 29th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918-20.

<sup>2</sup> Ins. by Notfn. No. M(I)-3(19)/54, dated the 16th September, 1954, see Gaz. of P., 1954, Pt. I, pp. 238-39.

<sup>3</sup> Subs. for " Federal Court " by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918-20.

<sup>4</sup> Rule 41 added by Notfn. No. M(I)-4(7)/54, dated the 12th August, 1954. see Gaz. of P., 1954, Ext., p. 1639.

<sup>5</sup> Subs. for " Governor General " by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918-20.



---

[Under section 2.—Pakistan Petroleum (Production) Rules]

SCHEDULES

TO

PAKISTAN PETROLEUM (PRODUCTION) RULES, 1949

---

**FIRST SCHEDULE**—Application Form for an Oil Exploration Licence, an Oil Prospecting Licence or an Oil Mining Lease.

**SECOND SCHEDULE**—

Part I.—Standard Form of Oil Exploration Licence.

Part II.—Standard Form of Oil Prospecting Licence.

Part III.—Standard Form of Oil Mining Leases.

---

[Under section 2.—Pakistan Petroleum (Production) Rules]

### FIRST SCHEDULE

#### APPLICATION FOR AN OIL EXPLORATION LICENCE, AN OIL PROSPECTING LICENCE OR AN OIL MINING LEASE.

- (1) Name(s) of applicant(s) in full .....
- (2) If application is by an individual or individuals
  - (a) Address .....
  - (b) Nationality.....
  - (c) Occupation.....
- (3) If application is by a company
  - (a) Principal place of business.....
  - (b) If principal place of business is outside Pakistan, name and address of  
duly authorised agent in Pakistan.....  
.....  
.....
  - (c) Nature of business.....
  - (d) Authorised, subscribed and paid up capital of the company.....
  - (e) Names of directors Nationality  
.....  
.....
  - (f) Names of principal shareholders Amount  
of shareholding.  
.....  
.....
- (4) State whether an Oil Exploration Licence, an Oil Prospecting Licence or  
an Oil Mining Lease is required.....
- (5) Period for which Licence or Lease is required.....  
.....
- (6) Situation and approximate size of the area for which application is made....  
.....
- (7) Brief particulars of previous experience in oil prospecting or oilfield develop-  
ment work.....
- (8) Brief particulars of any application for licence or lease which has been sub-  
mitted in the past in any country and its disposal.....  
.....

[Under section 2.—Pakistan Petroleum (Production) Rules]

- (9) Names and qualifications of technical experts or advisers.....
- (10) State amount of capital for operations under the Licence or Lease applied for
  - (a) At present available.....
  - (b) Which applicant can make available and the source.....
- (11) If the applicant is an alien, or a company incorporated outside Pakistan, state full particulars of the company to be incorporated by the applicant in Pakistan for the purpose of receiving the grant of an exploiting any Licence, or Lease which may be granted, including particulars similar to those specified in (3) (e) and (9) above and the amount of the capital proposed.....

I/We hereby declare that all the foregoing particulars are correct.

I/We hereby solemnly declare that in the event of the Government of Pakistan granting me/us the required Licence/Lease, I/we will abstain from all political activity/activities whatsoever affecting the sovereignty or security of Pakistan or such as may be tantamount to interference in its internal affairs and that I/we will eschew all espionage.

In the event of any violation of this undertaking by me/us the Government of Pakistan shall have the right to cancel the Licence/Lease : Provided that any dispute between the Government of Pakistan and the company as to whether any of my/our activities can be considered as a violation of this undertaking, shall be subject to arbitration in accordance with Rule 40 of the Pakistan Petroleum Production Rules and the appropriate Clause in the Licence/Lease.

Signature (s)

of

Date..... Applicant (s).....

(If the applicant is a Company, state capacity in which form is signed.)

[Under section 2.—Pakistan Petroleum (Production) Rules]

## SECOND SCHEDULE

### PART I

#### Standard form of Oil Exploration Licence

This Deed made the.....day of  
 .....19.....between the <sup>1</sup>[President] of Pakistan  
 (hereinafter referred to as the "<sup>1</sup>[President]" which expression shall where the  
 context admits be deemed to include his successors in office and assigns) of the  
 one part and.....(hereinafter referred to as the  
 "Licensee" which expression shall where the context so admits, be deemed to  
 include his heirs, executors, administrators, representatives and assigns) of  
 the other part ;

WHEREAS the Licensee in accordance with the conditions laid down in the  
 Rules for the time being in force for the granting of oil exploration licences has  
 applied to the <sup>1</sup>[President] for an oil exploration licence in respect of the lands  
 specified in the Schedule marked "A" hereunder written (hereinafter referred  
 to as "the said lands") and has entered into a bond in the form set out in the  
 Schedule marked "B" hereunder written with the <sup>1</sup>[President] in the sum of  
 Rs.....conditioned for the due and faithful carrying out  
 of the provisions contained in this Deed and in the Pakistan Petroleum (Produc-  
 tion) Rules, 1949, as today in force.

NOW THIS DEED WITNESSETH AS FOLLOWS:—

(1) In consideration of the sum of Rs.-----which has before  
 the execution hereof been paid by the Licensee to the <sup>1</sup>[President] sole right and  
 licence is hereby granted by the <sup>1</sup>[President] to the Licensee for the term of three  
 years from the date hereof subject to the rights of private owners of the surface  
 and subject to the restrictions, conditions and provisions hereinafter contained:

- (i) to explore and search the surface of the lands described in the Schedule  
 marked "A" hereunder written for Petroleum and for that purpose  
 to make geological, geo-physical and topographic examinations and  
 to dig and turn up the surface of the land and drill geological informa-  
 tion boreholes ;
- (ii) for the purposes aforesaid to clear under-growth and brushwood and  
 (with the sanction of the <sup>1</sup>[President] previously obtained in writing)  
 to make any roads on the said lands necessary for effectually carrying  
 on the exploration operations hereby licensed ;
- (iii) subject to the approval of the <sup>1</sup>[President] to appropriate and use  
 for the purposes aforesaid the water upon or within any of the said  
 lands and to collect and impound the same for such purposes but so  
 that in the exercise of this privilege the Licensee shall not deprive any  
 lands, villages, houses or watering places for cattle of a reasonable  
 supply of water as heretofore accustomed ;

RESERVING NEVERTHELESS to the <sup>1</sup>[President] full power and liberty at all  
 times to enter into and upon and to grant or demise to any persons whomsoever  
 liberty to enter into and upon such Government land as may be included for all  
 and every purpose other than that for which this Licence is granted but subject  
 to the rights of the Licensee under this Licence.

<sup>1</sup> Subs., for "Governor General" by Notfn. No. S.R.O. 1783(K), dated the 24th Decem-  
 ber, 1960, see Gaz. of P., 1960, Ext., pp. 1918—20.

[Under section 2.—Pakistan Petroleum (Production) Rules]

(2) *Right to erect and dismantle Huts, etc.*—Subject to the rights of surface owners the Licensee may erect and bring upon the said lands such temporary huts, sheds and structures, machinery and conveniences and chattels and other effects as shall be necessary for effectually carrying on the operations hereby licensed and subject as aforesaid the Licensee shall be entitled at any time to dismantle and remove the same.

(3) *Local Resident Manager.*—The Licensee shall before commencing any operations in the said lands furnish to the <sup>1</sup>[Director of Petroleum] the name and address of the manager resident in the locality of the said lands under whose supervision such operations are to be carried on. Any notice which the <sup>2</sup>[President] or any person authorised by him in accordance with the terms of this Licence required or entitled to serve upon the Licensee shall be sufficiently served if the same shall be delivered or sent by registered post to such Manager at such address.

(4) *Working Obligations.*—The Licensee shall with all reasonable despatch <sup>3</sup>[commence to examine geologically] and/or by geo-physical methods the said lands and shall during the subsistence of this Licence continue with due diligence to carry out such geological and/or geo-physical work as may be necessary to determine the structure of the said lands and/or programme of geological core drilling as shall be agreed between the <sup>1</sup>[Director of Petroleum] and the Licensee. The Licensee shall in drawing up the programme of exploration provide for and incur a minimum annual outlay of <sup>4</sup>[Rs. 250 per square mile or part thereof] of the area of the said lands, and shall have the right to carry forward any cumulative <sup>5</sup>[excess expenditure and apply the same toward the working obligations under his oil exploration licence or those under his oil prospecting licence for the same area or part thereof. The <sup>1</sup>[Director of Petroleum] shall not unreasonably withhold agreement to the programme proposed by the Licensee.]

The Licensee shall submit to the <sup>1</sup>[Director of Petroleum] at the end of every year statements of accounts audited by an approved auditor, and such other periodical reports as may be prescribed by the Government from time to time.

<sup>6</sup>[(4-A) The Licensee shall pay an annual fee for the land specified in Schedule "A" at the following rates:—

- (i) Rs. 10 per square mile or part thereof for the first year of the licence;
- (ii) Rs. 20 per square mile or part thereof for the second year of the licence;

<sup>1</sup> Subs. by Notfn. No. S.R.O. 1377 (K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92 for "Director General" which was subs. for "Director of Petroleum" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918-20.

<sup>2</sup> Subs. for "Governor General" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918-20.

<sup>3</sup> Subs. for the words "commenced to examine geologically" by Notfn. No. M(0-3(8)/56, dated the 21st September, 1956, see Gaz. of P., 1956, Ext., pp. 1684-85.

<sup>4</sup> Subs. by Notfn. No. M-2(4)/59, dated the 5th September, 1959, see Gaz. of P., 1959, Ext., p. 1505, for "Rs. 250/- per square mile" which was subs. for "Rs. 5,000/- for every 100 square miles" by Notfn. No. M-2(I)/59, dated the 10th July, 1959, published in the Gaz. of P., 1959, Ext., pp. 1227-31.

<sup>5</sup> Subs. for the words "excess expenditure" by Notfn. No. M(I)-3(19)/54, dated the 16th September, 1954, see Gaz. of P., 1954, Pt. I, pp. 238-39.

<sup>6</sup> Subs. by Notfn. No. M-2(I)/59, dated the 10th July, 1959, see Gaz. of P., 1959, Ext., pp. 1227-31, for cl. (4A), as amended by Notfn. No. M(M)-4(16)/48, dated the 10th January, 1950, published in the Gaz. of P., 1950, Pt. I, pp. 25-26.

[Under section 2.—Pakistan Petroleum (Production) Rules]

- (iii) Rs. 40 per square mile or part thereof for the third year of the licence;  
(iv) Rs. 80 per square mile or part thereof for the fourth year of the licence, if renewal for the fourth year is granted.]

(5) *Indemnity.*—All excavations or borings which may have been made on the said lands during the subsistence of this Licence shall unless the <sup>1</sup>[Director of Petroleum] otherwise determines be filled up and so far as possible the surface of the land shall be restored to its condition prior to such excavations or borings and the Licensee shall indemnify the <sup>2</sup>[President] against all claims and demands which may be made by any other person for damage shown to result from the exercise of the powers hereby conferred.

(6) *Reports.*—The Licensee shall furnish to the <sup>1</sup>[Director of Petroleum] a quarterly report (which he hereby undertakes to have prepared) indicating the progress of his operations under this Licence in and upon the said lands and containing a map, on a scale to be agreed between the <sup>1</sup>[Director of Petroleum] and the Licensee, which shall show the true topographic position of any land geologically or geo-physically surveyed, examined or mapped. The quarterly report and map shall include full particulars of any discovery or indication of petroleum or petroleum bearing strata and of any mineral of commercial value other than petroleum or archaeological discovery or treasures. Any officer authorised by the <sup>1</sup>[Director of Petroleum] may at all reasonable times inspect and make abstracts or copies of any logs records plans or maps prepared by the Licensee in the course of his operations under this Licence. All such information so supplied by the Licensee shall (except with the consent in writing of the Licensee which shall not be unreasonably withheld) be treated by the <sup>1</sup>[Director of Petroleum] as confidential, but the <sup>1</sup>[Director of Petroleum] shall nevertheless be entitled at any time to make use of any information received from the Licensee for the purpose of preparing and publishing aggregated returns and general reports on the extent of oil prospecting or oil mining operations in Pakistan and for the purposes of any arbitration or litigation between the <sup>2</sup>[President] and the Licensee.

(7) *Sample of Petroleum.*—This Licence does not confer upon the Licensee any right to win and carry away natural petroleum or natural gas or any other mineral excluding such quantities of clay, sand, limestone, gypsum or other mineral as may be reasonably required by the Licensee for his operations under this Licence. The Licensee may however remove any specimens or samples of petroleum found by him in or upon the said lands in the course of his operations under this Licence in such quantities as the <sup>1</sup>[Director of Petroleum] may determine. The Licensee shall furnish the <sup>1</sup>[Director of Petroleum] as soon as possible with full information of all such specimens and samples so removed and shall upon demand made within \_\_\_\_\_ days of the receipt by the <sup>1</sup>[Director of Petroleum] of such information provide the <sup>1</sup>[Director of Petroleum] with such representative specimens and samples as may be required, not exceeding one half of any individual specimen or sample so removed by the Licensee and the <sup>1</sup>[Director of Petroleum] shall be entitled to retain any specimen or sample so delivered.

(8) *Formation of Company etc. by the Licensee.*—The Licensee shall not form or endeavour to form or procure or permit to be formed any company, syndicate or association incorporated or not incorporated nor appeal publicly by means

<sup>1</sup> Subs. by Notfn. No. S.R.O. 1377(K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for "Director General" which was subs. for "Director of Petroleum" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918-20.

<sup>2</sup> Subs. for "Governor General" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918-20.

[Under section 2.—Pakistan Petroleum (Production) Rules]

of a prospectus or otherwise for money for the purpose of exploiting the lands which are the subject of this Licence or any portion thereof without the permission in writing of the <sup>1</sup>[President] to be obtained on his being satisfied that such lands or portion thereof have been thoroughly and efficiently examined geologically or by geo-physical methods.

(9) *Consent to Assignment.*—The Licensee shall not grant or assign any interest under this Licence nor part with the possession of any of the rights hereby granted to any person or persons whomsoever without the previous consent in writing of the <sup>1</sup>[President].

(10) *Assignment of Licence.*—The Licensee shall not without the consent of the <sup>1</sup>[President] assign or attempt to assign the rights granted by this Licence to any person other than a national of Pakistan or a company incorporated in Pakistan.

(11) *Licensee ceasing to be a Pakistan National.*—If the Licensee being a national of Pakistan or company incorporated in Pakistan shall cease to be a national of Pakistan or a company incorporated in Pakistan he shall forthwith inform the <sup>1</sup>[President] and apply to him for his consent to an assignment of the rights granted by this Licence in accordance with clause (9) (Consent to Assignment) hereof and in the event of the Licensee failing to obtain such consent within such time as the <sup>1</sup>[President] may in his discretion appoint, the <sup>1</sup>[President] may revoke this Licence. The revocation of this Licence in pursuance of the foregoing provisions of this Clause shall be subject and without prejudice to any obligation or liability imposed by or incurred under the terms and conditions hereof.

(12) *Reciprocity.*—This Licence shall be determined if the Licensee shall be or become controlled directly or indirectly by a national of or by a company incorporated in any country the laws and customs of which do not permit nationals of Pakistan or companies incorporated in Pakistan to acquire, hold and operate petroleum concessions directly or indirectly on conditions which in the opinion of the <sup>1</sup>[President] are reasonably comparable with the conditions upon which such rights are granted to nationals of that country with the addition of conditions corresponding to those imposed by this Clause.

(13) *Release of Land included by inadvertence in the Licensed Area.*—In the event of the inclusion by inadvertence in the said Schedule marked "A" of lands or areas over which it may subsequently be proved that the Government are not entitled to the oil rights, or of lands or areas in respect of which the oil rights have already been granted to other individuals or companies, the Licensee shall immediately release to the <sup>1</sup>[President] any such lands or areas when required to do so by the <sup>2</sup>[Director of Petroleum].

(14) *Exclusion of Lands for public purposes, etc.*—Notwithstanding the rights conferred on the Licensee under this Licence, the <sup>1</sup>[President] shall have power at any time to require the exclusion from the lands included in the said Schedule marked "A" of any area or areas which may from time to time be required for villages, new villages, village extensions, water reserves or any other public purpose, provided that during the subsistence of this Licence, the area or areas so excluded shall not exceed in all \_\_\_\_\_ square miles and provided further that if the Licensee shall satisfy the <sup>1</sup>[President] that the exclusion of such area or areas

<sup>1</sup> Subs. for "Governor General" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918—20.

<sup>2</sup> Subs. by Notfn. No. S.R.O. 1377(K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92 for "Director General" which was subs. for "Director of Petroleum" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918—20.

## [Under section 2.—Pakistan Petroleum (Production) Rules]

will interfere with his proposed operations he shall have the right to indicate other areas from which the said———square miles can be selected with the least interference to his operations.

(15) *Power of Revocation.*—If the Licensee shall at any time violate the undertaking given in accordance with rule 4(6) of Pakistan Petroleum (Production) Rules, 1949, or refuse or neglect to observe or perform any of the terms and conditions of this Licence the <sup>1</sup>[President] may by notice in writing signed on his behalf and served upon the Licensee summarily declare that the Licence hereby granted shall thenceforth determine and the Licence and all rights and liberties conferred hereby or enjoyed hereby or hereunder shall forthwith determine without prejudice to the rights and remedies of the <sup>1</sup>[President] in respect of any prior breach or non-performance of any or all of the terms and conditions hereof on the part of the Licensee.

Provided always that the aforesaid power shall not be exercisable unless and until notice has been given to the Licensee specifying the particular breach complained of and if the breach is capable of remedy, requiring the Licensee to remedy the breach and, in any case, requiring the Licensee to make compensation in money for the breach, and the Licensee fails within a period of three months thereafter, to remedy the breach if it is capable of remedy, and to make reasonable compensation in money, to the satisfaction of the <sup>1</sup>[President] for the breach.

<sup>2</sup>[(16) *Renewal.*—The President may, on an application made by the Licensee in this behalf at least three months before the expiry of the term of this Licence, grant a renewal of the licence in respect of any part not exceeding 50 per cent. of the licensed area for twelve months, if he is satisfied that further exploration is necessary in such area during the period of renewal. If the Licensee submits to the President a satisfactory programme of work for the period of renewal asked for, the renewal applied for an area not exceeding 50 per cent. of the total area initially covered by this Licence for a period of twelve months shall not be unreasonably withheld. No further renewal of this Licence shall be granted.]

<sup>3</sup>[(16-A) *Right of Licensee to determine Licence.*—Without prejudice to any obligation or liability imposed by or incurred under the terms and conditions hereof, the Licensee may at any time during the term hereby granted or any renewal thereof determine this Licence by giving to the <sup>1</sup>[President] not less than three months previous notice in writing to that effect.]

<sup>4</sup>[(16-B) *Right of Licensee to abandon portions of the said lands.*—Without prejudice to any obligation or liability imposed by or incurred under the terms and conditions hereof the Licensee shall be entitled at any time during the term hereby granted or any renewal thereof by giving three months' notice in writing to the <sup>1</sup>[President] to surrender the rights granted by this Licence in respect of any part or parts of the said lands:

<sup>1</sup> Subs. for "Governor General" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918—20.

<sup>2</sup> Cl. (16), has successively been subs. by Notfn. Nos. M(I)-3(19)/54, dated the 16th September, 1954; and M-2(I)/59, dated the 10th July, 1959, see Gaz. of P., 1954, Pt. I, pp. 238-39; and *ibid.*, 1959, Ext., pp. 1227—31.

<sup>3</sup> Cl. (16A) ins. by Notfn. No. M(I)-3(19)/54, dated the 16th September, 1954, see Gaz. of P., 1954, Pt. I, pp. 238-39.

<sup>4</sup> Cls. (16B) and (16C) ins. by Notfn. No. M(I)-3(21)/54, dated the 6th November, 1954, see Gaz. of P., 1954, Ext., pp. 2015-16.



[Under section 2.—Pakistan Petroleum (Production) Rules]

Provided that—

- (a) the part of the said lands in respect of which the said rights are retained shall comply with the Rule for the time being in force as to the shape and size of areas in respect of which an Oil Exploration Licence may be granted; and
- (b) the part of the said lands in respect of which the said rights are surrendered shall either be an area in respect of which a Licence could be granted in accordance with the Rules for the time being in force or be of such shape and size as the <sup>1</sup>[President] may determine.

<sup>2</sup>(16-C) On the surrender or determination of the Licence, in whole or in part, as provided in clauses (16-A) and (16-B), the Licensee shall become entitled to a proportionate reduction in rent provided that such reduction in rent shall not take effect during the year in which he surrenders and for which rent has either been paid or has accrued.]

(17) *Right of Licensee to Oil Prospecting Licence.*—On or before the expiration of this Licence or any renewal thereof the Licensee observing and performing the terms and conditions herein contained shall have a right to receive an Oil Prospecting Licence or Licences in respect of so much of the said lands as the Licensee may select in the form set out in Part II of the Second Schedule <sup>3</sup>[to the Pakistan Petroleum (Production) Rules, 1949,] as may be in force on the day preceding the date of the issue of this Licence.

(18) *Force majeure.*—(1) Failure on the part of the Licensee to fulfil any of the terms and conditions of this Licence shall not give the <sup>1</sup>[President] any claim against the Licensee or be deemed a breach of this Licence in so far as such failure arises from force majeure.

(2) In this Clause the expression “force majeure” includes the act of God, war, insurrection, riot, civil commotion, tide, storm, tidal wave, flood, lightning, explosion, fire, earthquake and any other happening which the Licensee could not reasonably prevent or control.

(19) *Employment of Nationals of Pakistan and their training.*—The <sup>1</sup>[President] may at his discretion require the Licensee to employ nationals of Pakistan in his organisation at all levels and in all branches including technical and administrative units and to arrange for the training in Pakistan and abroad for the nationals of Pakistan to fill up the aforesaid appointments and the Licensee shall comply with the instructions issued by the <sup>1</sup>[President] in this regard. The number of Pakistan personnel to be employed or trained will be determined in consultation with the <sup>4</sup>[Director of Petroleum.]

(20) *Arbitration.*—If at any time during the continuance of this Licence or after the determination thereof any question or dispute shall arise regarding this Licence or any matter or thing connected herewith or the powers, duties or liabilities of the Licensee hereunder then and in all such cases the matter in difference shall be referred to the Government of Pakistan in the appropriate Ministry whose decision shall be final.

<sup>1</sup> See foot-note 1 on preceding page.

<sup>2</sup> See foot-note 4 on preceding page.

<sup>3</sup> Ins. by Notfn. No. M(M)-4(16)48, dated the 10th January, 1950, see Gaz. of P., 1950, Pt. I, pp. 25-26.

<sup>4</sup> Subs. by Notfn. No. S.R.O. 1377(K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for “Director General” which was subs. for “Director of Petroleum” by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918-20.

[Under section 2.—Pakistan Petroleum (Production) Rules]

Provided that any dispute as regards the right of the Licensee to an Oil Prospecting Licence or Licences under clause (17) of this Licence or the cancellation for any violation of the undertaking given in accordance with rule 4(6) of Pakistan Petroleum (Production) Rules, 1949, <sup>1</sup>[or the approval of programme of work by the <sup>2</sup>[Director of Petroleum]], or any breach of the provisions of this Licence shall be determined by two arbitrators, one to be nominated by the <sup>3</sup>[President] and the other by the Licensee or in case of disagreement between the arbitrators by a judge of the <sup>4</sup>[Supreme Court] of Pakistan to be appointed as an umpire by the arbitrators in writing and the decision of such arbitrators or the judge of the <sup>4</sup>[Supreme Court] as umpire as the case may be, shall be final.

(21) *Marginal Notes.*—The Marginal Notes are for convenience only and do not form part of the Licence.

[In witness whereof the <sup>3</sup>[President] and the Licensee have hereunto set their hands and seals the day and year first herein above written.]

[In witness whereof the <sup>3</sup>[President] has hereunto set his hand and seal and the Licensee has caused its Common Seal to be hereunto affixed the day and year first herein above written.]

**Schedule A**

*Description of the said lands.*—All those lands coloured pink on the attached plan situate \_\_\_\_\_ and having a total area of \_\_\_\_\_ or thereabout.

**Schedule B**

BOND IN RESPECT OF OIL EXPLORATION LICENCE

KNOW ALL MEN BY THESE PRESENTS THAT WE \_\_\_\_\_

of \_\_\_\_\_  
 and \_\_\_\_\_  
 of \_\_\_\_\_  
 are held and firmly bound to the <sup>3</sup>[President] of Pakistan and his Successors in Office in the sum of \_\_\_\_\_ to be paid to the said <sup>3</sup>[President] and his Successors in Office for which payment to be well and truly made we bind ourselves and each of us our heirs, executors and administrators jointly and severally by these presents.

Dated this ..... day of ..... 19.....

WHEREAS by deed of even date herewith and made between \_\_\_\_\_

\_\_\_\_\_ of the one part and the said \_\_\_\_\_  
 of the other part the sole right and licence was granted to the said \_\_\_\_\_

<sup>1</sup> Ins. by Notfn. No. M(I)-3(19)/54, dated the 16th September, 1954, see Gaz. of P., 1954, Pt. I, pp. 238-39.

<sup>2</sup> Subs. by Notfn. No. S.R.O. 1377(K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for "Director General" which was subs. for "Director of Petroleum" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918-20.

<sup>3</sup> Subs., for "Governor-General" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918-20.

<sup>4</sup> Subs., for "Federal Court" *ibid.*

[Under section 2.—Pakistan Petroleum (Production) Rules]

to explore and search the surface of that parcel of land situate—  
and having an area of—more or less and delineated in the plan attached  
to the said Deed for petroleum and for that purpose to make geological, geophysical and topographic examinations and to dig and turn up the surface of the land and drill geological information boreholes, subject to the terms, conditions and covenants therein contained.

AND WHEREAS the said—hath agreed to become surety for the due performance by the said—of all and several the covenants, matters and things under the said Deed <sup>1</sup>[or any renewal thereof] to be by him performed and done.

NOW the condition of the above-written bond or obligation is such that if the said—shall well and truly observe and perform all and every the covenants, undertakings and agreements by him to be observed and performed as hereinbefore mentioned and shall in a proper and workmanlike manner do all and every the acts matters and things by him to be done under the said Deed to the satisfaction of the <sup>2</sup>[President] THEN the above-written bond or obligation shall be void otherwise the same shall remain in full force and effect.

## SECOND SCHEDULE

### PART II

#### Standard Form of Oil Prospecting Licence

This Deed made the—day of—19—between the <sup>2</sup>[President] of Pakistan (hereinafter referred to as the “<sup>2</sup>[President]” which term shall where the context so admits include his successors in office and assigns) of the one part and—(hereinafter referred to as the “Licensee” which term shall where the context so admits include his heirs, executors, administrators, legal representatives and assigns) of the other part.

WHEREAS the Licensee in accordance with the conditions laid down in the Rules as today in force for the granting of oil prospecting licences has applied to the <sup>2</sup>[President] for an oil prospecting licence in respect of the lands specified in the Schedule marked “A” hereunder written (hereinafter referred to as “the said land”) and has entered into a *bond in the form* set out in the Schedule marked “B” hereunder written with the <sup>2</sup>[President] in the sum of—

conditioned for the due and faithful carrying out of the provisions contained in this Deed and in the Pakistan Petroleum (Production) Rules in force at the time of the grant of the Oil Exploration Licence.

AND WHEREAS the <sup>2</sup>[President] has found that there is no objection to granting the said Licence.

#### NOW THIS DEED WITNESSETH AS FOLLOWS :—

In consideration of the rents, royalties, covenants and agreements hereinafter reserved and contained on the part of the Licensee to be paid and observed the <sup>2</sup>[President] hereby grants unto the Licensee the sole right and Licence (subject to the restrictions, conditions and provisions hereinafter contained) :

<sup>1</sup> Ins. by Notfn. No. M-4(9)M/53, dated the 30th December, 1953, see Gaz. of P., 1954, Pt. I, p. 14.

<sup>2</sup> Subs. for “Governor-General” by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see. Gaz. of P., 1960, Ext., pp. 1918—20.

## [Under section 2.—Pakistan Petroleum (Production) Rules]

- (1) to enter upon the lands described in the said Schedule marked "A" and to search bore for win and work all or any petroleum lying or being within under or throughout the said land without any interruption claim or disturbance from or by the <sup>1</sup>[President or any other person] or persons whomsoever save as may be provided by rules ;
- (2) to carry away and dispose of the produce thereof to and for the use and benefit of the Licensee ;
- (3) for the purposes aforesaid to clear undergrowth and brushwood and (with the sanction of the <sup>2</sup>[President] previously obtained in writing) to make any roads on the said lands necessary for effectually carrying on the prospecting operations hereby licensed ;
- (4) subject to the approval of the <sup>2</sup>[President] to appropriate and use for the purposes aforesaid the water upon or within any of the said lands and to collect and impound the same for such purposes but so that in the exercise of this privilege the Licensee shall not deprive any lands, villages, houses or watering places for cattle of a reasonable supply of water as heretofore accustomed ;
- (5) to erect and bring upon the said lands all such temporary huts, sheds and structures, steam and other engines, machinery and conveniences, chattels and effects as shall be proper and necessary for effectually carrying on the prospecting operations hereby licensed and subject to the approval of the <sup>2</sup>[President] to enclose with a fence the lands occupied by the aforesaid construction provided that such fence does not interfere with existing or projected rights of way or roads.

RESERVING NEVERTHELESS to the <sup>2</sup>[President] or any other person authorised by him in that behalf full liberty and power at all times to enter into and upon the said lands for all or every purpose other than those for which this Licence is issued but subject to the rights hereby conferred and particularly (and without hereby in any way qualifying such general power and liberty) to make on over or through the said lands such roads, tramways, railways, telegraph and telephone lines and pipe lines as shall be considered necessary or expedient for any purpose and to obtain from and out of the said lands such stone, earth, timber or other materials as may be necessary or requisite for making, repairing or maintaining such roads, tramways, railways, telegraph and telephone lines and pipe lines or for any other purposes and to pass and repass at all times over and along the said lands and such roads, tramways, railways and pipe lines for all purposes as occasion shall require :

Provided always that the said reserved liberty and power in respect of the said lands shall be exercised and enjoyed in such a manner as not to hinder or interfere with the rights and privileges of the Licensee under these presents.

To hold and enjoy the said rights, licence and other premises hereby granted unto the Licensee for the term of <sup>3</sup>[three] years from the date hereof

<sup>1</sup> Subs. for "Governor-General or and other person" by Notfn. No. M(I)-3(8)/56, dated the 21st September, 1956, see Gaz. of P., 1956, Ext., pp. 1684-85.

<sup>2</sup> Subs. for "Governor-General" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918-20.

<sup>3</sup> Subs. for "four" by Notfn. No. M-2(I)/59, dated the 10th July, 1959, see Gaz. of P., 1959, Ext., pp. 1227-31.

[Under section 2.—Pakistan Petroleum (Production) Rules]

rendering and paying free and clear from all rates, taxes, charges and deductions the several rents and royalties hereinafter specified.

1. *Certain yearly rent.*—(1) The Licensee shall for each square mile <sup>1</sup>[or part thereof] comprised in the licensed area pay Government annually in advance a yearly rent at the following rates :—

(a) <sup>2</sup>[in respect of each] year of the initial term of an oil prospecting licence Rs. 500, and

(b) in respect of each renewal of the term of an oil prospecting licence Rs. 1,000.

(2) Payment of the certain yearly rent reserved by this Licence shall be made annually in advance and the first payment of the sum of \_\_\_\_\_ in respect of the first year of the term hereby granted (the receipt whereof is hereby acknowledged) shall be made on the execution of this Licence.

2. *Royalty.*—The Licensee shall pay to a Government Treasury on behalf of the <sup>3</sup>[President] within two months after the end of each year of the term hereby granted or any renewal thereof the royalties hereunder specified :—

(1) *Crude Oil* <sup>4</sup>[sold by the licensee or if utilized by him for any other purpose than the production of petroleum]—12½ per cent. on the well-head value (convertible at the option of the <sup>3</sup>[President] to an equivalent charge per 40 gallons to be fixed annually) subject to a minimum of 8 annas per 40 gallons.

(2) *Natural Gas.*—If sold by the Licensee or if utilized by him for any other purpose than the production of petroleum 12½ per cent. on the well-head value.

On gas converted into gasoline the well-head value shall be calculated on the volume of gasoline manufactured ; it shall be deemed to be equivalent to the selling value of the gasoline less the cost of manufacture and the royalty shall be subject to a minimum of 8 annas per 40 gallons of gasoline manufactured.

Provided that the 12½ per cent. royalty rate shall be convertible at the option of the <sup>3</sup>[President] to an equivalent charge per 40 gallons of gasoline (not being less than eight annas) or per 1,000 cubic feet of gas, as the case may be, to be fixed annually.

(3) From the amount of royalties payable in respect of any one year of the term of an oil prospecting licence, there shall be deducted the amount of the certain yearly rent actually paid in respect of that year.

<sup>5</sup>[(4) Notwithstanding anything contained in sub-clauses (1) to (3), the

<sup>1</sup> Ins. by Notfn. No. M(M)-4(16)/48, dated the 10th January, 1950, see Gaz. of P., 1950, Pt. I, pp. 25-26.

<sup>2</sup> Subs. for "in respects of each" by Notfn. No. M(I)-3(8)/56, dated the 21st September, 1956, see Gaz. of P., 1956, Ext., pp. 1684-85.

<sup>3</sup> Subs. for "Governor-General" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918-20.

<sup>4</sup> Subs. for "won and saved by the Licensee from the said lands" by Notfn. No. M(I)-3(4)/55, dated the 22nd December, 1955, see Gaz. of P., 1955, Pt. I, p. 512.

<sup>5</sup> Added by Notfn. No. M-2(I)/59, dated the 10th July, 1959, see Gaz. of P., 1959, Ext., pp. 1227-31.

## [Under section 2.—Pakistan Petroleum (Production) Rules]

President may in his discretion require the Licensee to pay the 12½% royalty or part thereof in kind, that is to say, in the form of crude oil or natural gas. If the President requires payment of royalty in kind he shall give the Licensee three months' prior notice to this effect. The Licensee shall provide transportation facilities to transport the crude oil or natural gas for which the President shall pay the transportation charges to the Licensee.]

3. *Measurement of petroleum obtained from the said lands.*—(1) The Licensee shall measure or weigh by a method or methods customarily used in good oilfield practice and from time to time approved by the <sup>1</sup>[Director of Petroleum],

- (a) all crude oil won and saved and casing-head petroleum spirit recovered from the said lands, and
- (b) all natural gas sold from the said lands during the term hereby granted or any renewal thereof.

(2) The Licensee shall give to the <sup>1</sup>[Director of Petroleum]—————days' notice in writing counting from the date of posting the same of his intention to measure and weigh in accordance with the foregoing provisions of this clause in order that the <sup>1</sup>[Director of Petroleum] may appoint some person or persons on his behalf to be present at such measuring or weighing and attend to the proper conduct thereof and no petroleum shall on any account be taken away from the said lands until the same shall have been measured or weighed as the case may be. Provided that the Licensee shall be free to remove and take away any petroleum notice of the measurement and weighing of which has been duly given by him in writing to the <sup>1</sup>[Director of Petroleum] if within seven days of the receipt of such notice no steps are taken by the <sup>1</sup>[Director of Petroleum] to verify the same.

(3) If any measuring or weighing appliance shall at any time be found to be false or unjust the same shall if the <sup>1</sup>[Director of Petroleum] so determines after considering any representations in writing made by the Licensee be deemed to have existed in that condition during the period of three months prior to the discovery thereof or the period elapsed since the last occasion upon which the same was examined or tested whichever shall be the less and accordingly the royalties payable in respect of such period shall be adjusted.

(4) The Licensee shall not make any alteration in the method or methods of measurement or weighing used by him or any appliance used for that purpose without first informing the <sup>1</sup>[Director of Petroleum] and the <sup>1</sup>[Director of Petroleum] may in any case require that no alteration shall be made save in the presence of an officer authorised by the <sup>1</sup>[Director of Petroleum].

4. *Keeping of account.*—The Licensee shall keep full and correct accounts in a form from time to time approved by the <sup>1</sup>[Director of Petroleum] of—

- (a) all crude oil won and saved and casing-head petroleum spirit recovered ; and
- (b) all natural gas sold ; and

<sup>1</sup> Subs. by Notfn. No. S.R.O. 1377(K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for "Director-General" which was subs. for "Director of Petroleum" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918—20.

[Under section 2.—Pakistan Petroleum (Production) Rules]

- (c) the quantity of crude oil or products thereof or casing-head petroleum spirit used for drilling or production operations or pumping to field storage or refineries ;

and shall within one month after the end of each year of the term hereby granted or any renewal thereof deliver to the <sup>1</sup>[Director of Petroleum] an abstract in a form from time to time approved by the <sup>1</sup>[Director of Petroleum] of the accounts for each year together with a statement in the like form of all royalties payable in respect of each such year.

<sup>2</sup>[4A. *Establishment of boundary marks.*—The Licensee shall, unless the <sup>1</sup>[Director of Petroleum] otherwise determines, forthwith erect at his own expense and at all times maintain and keep in repair substantial boundary marks of brick, stone or concrete not less than one foot high at every angle or corner of the boundary line of the said lands. Such boundary marks shall be referenced by survey to at least two readily identifiable points in such a manner that the boundaries of the said lands can be accurately traced on the ground. The Licensee shall ensure that the area demarcated on the ground conforms as closely as possible to the area delineated on the plan hereto annexed.]

5. *Working obligations.*—During the subsistence of this Licence the Licensee shall with due diligence carry out such geological and/or geophysical surveys and examinations of the said lands and do such testing of the said lands by means of the drill or trial borings as may be necessary for the purpose of arriving at the petroleum producing prospects of the same and as shall be approved by the <sup>1</sup>[Director of Petroleum]. <sup>3</sup>[Such a programme of work shall *inter alia* provide for the commencement of drilling a test well during the first year of the prospecting licence. In case of geologically related group of prospecting licences the condition of commencement of drilling during the first year shall be deemed to be fulfilled by drilling at one structure.] The Licensee shall, in drawing up the programme of prospecting provide for and incur an annual outlay of <sup>4</sup>[Rs. 2,500 per square mile or part thereof] of the area or group of geologically related areas covered by the Licence, <sup>5</sup>\* \* \*. The Licensee shall <sup>6</sup>\* \* \* have the right to carry forward any cumulative excess expenditure. <sup>7</sup>[The <sup>1</sup>[Director of Petroleum] shall not unreasonably withhold agreement to the programme

<sup>1</sup> Subs. by Notfn. No. S.R.O. 1377(K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for "Director-General" which was subs. for "Director of Petroleum" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918—20.

<sup>2</sup> Cl. (4A), ins. by Notfn. No. M(I)-3(24)/54, dated the 4th January, 1955, see Gaz. of P., 1955, Ext., p. 65.

<sup>3</sup> Ins. by Notfn. No. M-2(I)/59, dated the 10th July, 1959, see Gaz. of P., 1959, Ext., pp. 1227—31.

<sup>4</sup> Subs. by Notfn. No. M-2(4)/59, dated the 5th September, 1959, see Gaz. of P., 1959, Ext., p. 1505, for "Rs. 2,500 per square miles" which was subs. for "Rs. 50,000 for every 100 sq. miles" by Notfn. No. M-2(I)/59, dated the 10th July, 1959, published in the Gaz. of P., 1959, Ext., pp. 1227—31.

<sup>5</sup> Certain words omitted by Notfn. No. M-2(I)/59, dated the 10th July, 1959, see Gaz. of P., 1959, Ext., pp. 1227—31.

<sup>6</sup> The words "in both cases" omitted and shall be deemed to have been omitted on the 10th July 1960, by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918—20.

<sup>7</sup> Added by Notfn. No. M(I)-3(19)/54, dated the 16th September, 1954, see Gaz. of P., 1954, Pt. I, pp. 238-39.

[Under section 2.—Pakistan Petroleum (Production) Rules]

proposed by the Licensee. Any dispute concerning the reasonableness of the Director's action shall be determined by arbitration in accordance with clause 44 hereof.]

The Licensee shall submit to the <sup>1</sup>[Director of Petroleum] at the end of every year statements of accounts audited by an approved auditor, and such other periodical reports as may be prescribed by the Government from time to time.

6. *Local Resident Manager.*—The Licensee shall before commencing any operations in the said lands furnish to the <sup>1</sup>[Director of Petroleum] the name and address of the manager resident in the locality of the said lands under whose supervision such operations are to be carried on. Any notice which the <sup>2</sup>[President] or any person authorised by him is in accordance with the terms of this Licence required or entitled to serve upon the Licensee shall be sufficiently served if the same shall be delivered or sent by registered post to such Manager at such address.

7. *Cutting of Timber.*—The Licensee shall take out a Licence under the \_\_\_\_\_  
\_\_\_\_\_ for the time being in force in respect of any timber or forest produce which he may desire to cut or remove. Provided that the <sup>2</sup>[President] <sup>3</sup>[may in his absolute discretion] remit payment in respect of the whole or any part of the timber and other forest produce required for road construction.

8. *Compensation.*—The Licensee shall make and pay reasonable satisfaction and compensation for all damage or injury to the property and rights of other parties which may be done by him, his agents and servants in the exercise of the liberties and powers conferred by this Licence.

9. *Indemnity against Third Party Claims.*—The Licensee shall at all times indemnify and keep harmless the <sup>2</sup>[President] and every officer of the Government of Pakistan against all actions, costs, charges, claims and demands whatsoever which may be made or brought by any third party in relation to or in connection with this Licence or any matter or thing done or purported to be done in pursuance thereof.

10. *Release of Lands included by inadvertence in the licensed area.*—In the event of the inclusion by inadvertence in the said Schedule marked "A" of lands or areas over which it may subsequently be proved that the Government are not entitled to the oil rights, or of lands or areas in respect of which the oil rights have already been granted to other individuals or companies the Licensee shall immediately release to the <sup>2</sup>[President] any such lands or areas when required to do so by the <sup>1</sup>[Director of Petroleum].

11. *Exclusion of Lands for Public Purposes, etc.*—(1) Notwithstanding the rights conferred on the Licensee under this Licence, the <sup>2</sup>[President] shall have power at any time to require the exclusion from the lands included in the said

<sup>1</sup> Subs. by Notfn. No. S.R.O. 1377(K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for "Director General" which was subs., for "Director of Petroleum" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918-20.

<sup>2</sup> Subs., for "Governor-General" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918-20.

<sup>3</sup> Subs., for "may in this absolute discretion" by Notfn. No. M(I)-3(8)/56, dated the 21st September, 1956, see Gaz. of P., 1956, Ext., pp. 1684-85.



[Under section 2.—Pakistan Petroleum (Production) Rules]

Schedule marked "A" of any area or areas which may from time to time be required for public development schemes like water reserves or any public purpose whatsoever, provided that during the subsistence of this Licence the area or areas so excluded shall not exceed in all—~~and~~—and provided further that the exclusion of any area or areas upon which any active operation such as well-drilling, road construction, waterworks and/or other work relating to the winning of petroleum have previously been commenced or are in progress shall not be required but in lieu thereof an equal area or areas upon which active operations as aforementioned have not already been commenced or are not at the time being in progress shall be excluded provided that such alternative area or areas are in the opinion of the <sup>1</sup>[President] suitable for the public purposes aforementioned, and the Licensee shall thereupon be relieved of all liabilities and obligations hereunder in respect of any such area or areas excluded under the provisions of this clause excepting such liabilities and obligations as may have accrued before such exclusion.

(2) Where any area or areas have been excluded under this clause the Licensee shall have a prior right to have such area or areas included in the lands subject to this Licence if they shall subsequently become available for this purpose.

12. *Advertisement, Prospectuses, etc.*—No statement shall be made either in any notice, advertisement, prospectus or other document issued by or to the knowledge of the Licensee or in any other manner claiming or suggesting whether expressly or by implication that the <sup>1</sup>[President] or any Government Department or any person or body acting on behalf of the <sup>1</sup>[President] has or have formed or expressed any opinion that the said lands are from their geological formation or otherwise likely to contain petroleum.

13. *Notice of Fresh Issues of Capital.*—The Licensee shall report to the <sup>1</sup>[President] particulars of any fresh issues of capital which may from time to time be made by him and any alteration which may be made in the Memorandum or Articles of Association or in the constitution of the Licensee.

14. *Consent to Assignment.*—The Licensee shall not grant or assign any interest under this Licence nor part with the possession of any of the rights hereby granted to any person or persons whomsoever without the previous consent in writing of the <sup>1</sup>[President] who may (without prejudice to his right to make such consent subject to any conditions he may think fit) require as a condition of giving such consent the assignee or assignees at his or their expense to execute a deed of covenant to observe and perform the covenants and conditions on the part of the Licensee in these presents contained.

15. *Assignment of Licence.*—The Licensee shall not without the consent in writing of the <sup>1</sup>[President] assign or attempt to assign the right granted by this Licence to any person other than a national of Pakistan or a company incorporated in Pakistan.

16. *Licensee ceasing to be National of Pakistan.*—If the Licensee being a national of Pakistan or Company incorporated in Pakistan shall cease to be a National of Pakistan or a Company incorporated in Pakistan he shall forthwith inform the <sup>1</sup>[President] and apply to him for his consent to an assignment of the rights

<sup>1</sup> Subs., for "Governor-General" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918—20.

{Under section 2.—Pakistan Petroleum (Production) Rules}

granted by this Licence in accordance with clause 14 (Consent to Assignment) hereof and in the event of the Licensee failing to obtain such consent within such time as the <sup>1</sup>[President] may in his discretion appoint, the <sup>1</sup>[President] may revoke this Licence. The revocation of this Licence in pursuance of the foregoing provisions of this clause shall be subject and without prejudice to any obligation or liability imposed by or incurred under the terms and conditions hereof.

17. *Reciprocity.*—This Licence shall be determined if the Licensee shall be or become controlled directly or indirectly by a national of or by a company incorporated in any country the laws and customs of which do not permit Nationals of Pakistan or companies incorporated in Pakistan to acquire, hold and operate petroleum concessions directly or indirectly on conditions which in the opinion of the <sup>1</sup>[President] are reasonably comparable with the conditions upon which such rights are granted to nationals of that country with the addition of conditions corresponding to those imposed by this clause.

18. *Notification of Discovery of Petroleum.*—The Licensee shall without avoidable delay report to the <sup>2</sup>[Director of Petroleum] the discovery of petroleum or petroleum bearing strata or archaeological discovery or treasures.

19. *Distance of Boreholes or Wells from Boundaries of the said Lands.*—No borehole or well shall except with the consent in writing of the <sup>2</sup>[Director of Petroleum] be drilled or made within a distance of 150 feet from the boundaries of the said lands provided that this restriction shall not apply to the common boundary of the said lands and of any contiguous area held under lease or licence by the Licensee.

<sup>3</sup>19A. *No mining operations to be carried on near railways, etc.*—No drilling operations or working shall be carried on or allowed by the Licensee in the said lands at any point within 300 feet of any railway, reservoir, canal or other public works or any building or inhabited site on or near the said lands except with the previous permission in writing of the <sup>1</sup>[President] or of any officer authorized by him in this behalf and subject to any instructions, restrictions and conditions which may be attached to such permission by the officer granting the same.]

20. *Notice of commencement of Boreholes and Wells.*—No borehole or well shall be commenced and no borehole or well shall be recommenced after work has been discontinued thereat for more than six months unless seven clear days' notice in writing shall first have been given to the <sup>2</sup>[Director of Petroleum].

21. *Abandonment and plugging of Boreholes.*—(1) No borehole or well shall be abandoned and no cemented string or other permanent form of casing shall be withdrawn from any borehole or well which it is proposed to abandon without the prior consent in writing of the <sup>2</sup>[Director of Petroleum], such consent not to be

---

<sup>1</sup> Subs., for "Governor-General" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918—20.

<sup>2</sup> Subs. by Notfn. No. S.R.O. 1377 (K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for "Director-General" which was subs., for "Director of Petroleum" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918—20.

<sup>3</sup> Cl. 19A ins. by Notfn. No. M(I)-3(24)/54, dated the 4th January, 1955, see Gaz. of P., 1955, Ext., pp. 65-66.

[Under section 2.—Pakistan Petroleum (Production) Rules]

unreasonably withheld in the case of boreholes or wells which have become or are unproductive.

(2) Every borehole or well which the Licensee intends to abandon shall unless the <sup>1</sup>[Director of Petroleum] otherwise determines be so securely plugged by the Licensee as to prevent ingress and egress of water in and from any portion of the strata bored through.

(3) The <sup>1</sup>[Director of Petroleum] may in any case require that no borehole or well shall be plugged or any works be executed for that purpose save in the presence of an officer authorised by him.

22. *Delivering up of Productive Boreholes and Wells, etc., in good order.*—Within two months after the expiration or sooner determination of this Licence or the date of the abandonment of the undertaking hereby licensed whichever shall first occur the Licensee shall deliver up to the <sup>2</sup>[President] in good order repair and condition and fit for further working all productive boreholes or wells (unless ordered by the <sup>1</sup>[Director of Petroleum] to plug them as provided in the next succeeding clause and except such boreholes and wells as shall have been previously abandoned with the consent of the <sup>1</sup>[Director of Petroleum]) which shall have been made by the Licensee under the liberty or power in that behalf hereinbefore contained together with all casings and other appurtenances to such boreholes and wells below surface level and which cannot be moved without causing injury to the said boreholes and wells and the Licensee shall also fill up or fence all holes and excavations that he may have made in the said lands to such extent as the <sup>1</sup>[Director of Petroleum] may require and shall to the like extent restore so far as may be to their natural and original condition the surface of the said lands and all buildings and structures thereon which the Licensee may have damaged in the course of prospecting and shall have power during that period to enter on that lands for the purposes aforesaid. Provided that this clause shall not apply to any of the lands included in any oil mining lease which the Licensee may take up under the provisions hereinafter contained.

23. *Plugging of Boreholes on determination of Licence, etc.*—Within two months after the expiration or sooner determination of this Licence or the date of the abandonment of the said undertaking whichever shall first occur the Licensee shall if required so to do by the <sup>1</sup>[Director of Petroleum] plug all boreholes and wells as provided in clause 21 (Abandonment and plugging of Boreholes) hereof:

Provided that this clause shall not apply to any of the lands included in any oil mining lease which the Licensee may take up under the provisions hereinafter contained.

24. *Removal of plant, etc.*—The Licensee shall upon the expiration or sooner determination of this Licence or the abandonment of the said undertaking whichever shall first occur with all convenient speed having regard to his obligations under the provisions of clause 23 (Plugging of Boreholes on determination of Licence, etc.) remove all buildings, structures, engines, machinery and other property and effects erected or brought by the Licensee upon the said lands under

<sup>1</sup> Subs. by Notfn. No. S.R.O. 1377 (K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for "Director General" which was subs., for "Director of Petroleum" by Notfn. No. S.R.O. 1783 (K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918-20.

<sup>2</sup> Subs., for "Governor-General" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918-20.

## [Under section 2.—Pakistan Petroleum (Production) Rules]

the provisions hereof save and except all such wells, tubes, casings or linings and works or any portion thereof both above or below ground as the <sup>1</sup>[President] may require to take at a price which failing agreement shall be fixed by arbitration in the manner provided by clause (44) hereof or as may be required to be delivered up to the <sup>1</sup>[President] under the provisions of clause 22 (Delivering up of Productive Boreholes and Wells, etc., in good order) hereof. Provided that this clause shall not apply to any of the works or things aforesaid on lands for which the Licensee shall under the provisions hereinafter contained take up an oil mining lease which may be required by the Licensee for his operations under the lease.

25. *Health and Safety of workers and employees.*—The Licensee shall comply with any instructions from time to time given by the Chief Inspector of Mines in writing for securing the health and safety of persons employed in or about the said lands.

26. *Avoidance of harmful methods of working.*—(1) The Licensee shall maintain all apparatus and appliances and all boreholes and wells capable of producing petroleum in good repair and condition and shall execute all operations in or in connection with the said lands in a proper and workmanlike manner in accordance with methods and practice customarily used in good oilfield practice and without prejudice to the generality of the foregoing provision the Licensee shall take all steps practicable in order :—

- (a) to control the flow and to prevent the escape or waste of petroleum discovered in or obtained from the said lands ; and
- (b) to conserve the said lands for productive operations ; and
- (c) to prevent damage to adjoining petroleum bearing strata ; and
- (d) to prevent the entrance of water through boreholes and wells to petroleum bearing strata ; and
- (e) to prevent the escape of petroleum into any water-well, spring, stream, river, lake, reservoir, estuary or harbour ; and
- (f) to cause as little damage as possible to the surface of the said lands and to the trees, crops, buildings, structures and other property thereon.

(2) The Licensee shall comply with any instructions from time to time given by the <sup>2</sup>[Director of Petroleum] in writing relating to any of the matters set out in sub-clause (1) hereof. If the Licensee objects to any such instructions on the ground that it is unreasonable he may within fourteen days from the date upon which the same was given refer the matter to the Secretary to the Government of Pakistan in the appropriate Ministry whose decision will be final.

27. *Provision of Storage Tanks, Pipes, Pipelines, or other receptacles.*—The Licensee shall use methods and practice customarily used in good oilfield practice for confining the petroleum obtained from the said lands in tanks, gasholders,

<sup>1</sup> Subs., for "Governor-General" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918—20.

<sup>2</sup> Subs. by Notfn. No. S.R.O. 1377(K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for " Director General " which was subs., for " Director of Petroleum " by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918—20.

## [Under section 2.—Pakistan Petroleum (Production) Rules]

pipes, pipe-lines or other receptacles constructed for that purpose. No petroleum shall, save as a temporary measure during an emergency, be placed or kept in an earthen reservoir.

28. *Disposal of waste oil, salt water and refuse.*—The Licensee shall drain all waste oil, salt water and refuse from tanks, gasholders, boreholes and wells into proper receptacles constructed and maintained by him for that purpose at a safe distance from such tanks, gasholders, boreholes and wells and from any buildings or structures whether situated within the said lands or not and shall dispose of such waste oil, salt water and refuse in manner from time to time approved by the <sup>1</sup>[Director of Petroleum].

29. *Licensee to keep records of boreholes.*—The Licensee shall keep accurate records in a form from time to time approved by the <sup>1</sup>[Director of Petroleum] of the drilling, deepening, plugging or abandonment of all boreholes and wells and of any alteration to the casing thereof. A log of all boreholes and wells shall be kept in a form from time to time, approved by the <sup>1</sup>[Director of Petroleum] containing particulars of the following matters :—

- (a) the strata and subsoil through which the borehole or well was drilled ; and
- (b) the casing inserted in any borehole or well and any alteration to such casing ; and
- (c) any petroleum, water, workable minerals or mine workings encountered ; and
- (d) such other matters as the <sup>1</sup>[Director of Petroleum] may from time to time require.

The Licensee shall deliver copies of the said records and log to the <sup>1</sup>[Director of Petroleum] as and when required.

30. *Licensee to keep sample of strata Petroleum and Water.*—The Licensee shall as far as reasonably practicable correctly label and preserve for reference for a period of twelve months characteristic samples of the strata or water encountered in any borehole or well and samples of any petroleum discovered in the said lands. And the <sup>1</sup>[Director of Petroleum] or his representative shall have access to such samples at all reasonable times and shall be entitled to require that representative specimens not exceeding one half of any such sample be delivered to him and to retain any specimen so delivered.

31. *Plans and records.*—(1) The Licensee shall furnish to the <sup>1</sup>[Director of Petroleum] quarterly during the term hereby granted or any renewal thereof a record in a form from time to time approved by the <sup>1</sup>[Director of Petroleum] of the progress of his operations in the said lands. Such record shall contain :—

- (a) a statement of the depth drilled in each borehole or well ; and
- (b) a statement of any petroleum, water, workable minerals or mine workings encountered in the course of the said operations ; and
- (c) a statement of all crude oil produced and casinghead petroleum spirit recovered ; and

<sup>1</sup> Subs. by Notfn. No. S.R.O. 1377(K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for " Director General " which was subs., for " Director of Petroleum " by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918—20.

*[Under section 2.—Pakistan Petroleum (Production) Rules]*

(d) a statement of the areas in which any geological or geo-physical work has been carried out.

(2) Within two months after the end of each year comprised in the term hereby granted or any renewal thereof the Licensee shall furnish to the <sup>1</sup>[Director of Petroleum] a record in a form from time to time approved by the <sup>1</sup>[Director of Petroleum] of the operations conducted in the said lands during each such year together with a plan upon a scale approved by the <sup>1</sup>[Director of Petroleum] showing the situation of all boreholes or wells.

(3) The Licensee shall also keep accurate geological plans, maps and records relating to the said lands.

(4) The Licensee shall furnish to the <sup>1</sup>[Director of Petroleum] such other plans and information as to the progress of operations in the said lands as the <sup>1</sup>[Director of Petroleum] may from time to time reasonably require.

32. *Reports to be treated as confidential.*—All logs, records, plans, maps, accounts and information which the Licensee is or may be from time to time required to furnish under the provisions of this Licence shall be supplied at the expense of the Licensee and shall (except with the consent in writing of the Licensee which shall not be unreasonably withheld) be treated by the <sup>1</sup>[Director of Petroleum] as confidential. The <sup>1</sup>[Director of Petroleum] shall nevertheless be entitled at any time to make use of any information received from the Licensee for the purpose of preparing and publishing aggregated returns and general reports on the extent of oil prospecting or oil mining operations in Pakistan and for the purposes of any arbitration or litigation between the <sup>2</sup>[President] and the Licensee.

33. *Power to inspect plant, records, accounts, etc.*—Any person or persons authorised by the <sup>1</sup>[Director of Petroleum] shall be entitled at all reasonable times to enter into and upon any land for the time being possessed or occupied by the Licensee in the said lands for the purposes hereinafter mentioned:—

- (a) to examine the boreholes, wells, plant, appliances, buildings and works made or executed by the Licensee in pursuance of this Licence and the state of repair and condition hereof ; and
- (b) to inspect and check the accuracy of the weighing or measuring appliances, weights, measurements, logs, records, plans and maps which the Licensee is required to keep or make in accordance with the provisions of this Licence ; and
- (c) to inspect and make abstracts or copies of any logs, records, plans, maps or accounts which the Licensee is required to keep or make in accordance with the provisions of this Licence ; and
- (d) to inspect the samples of strata petroleum or water which the Licensee is required to keep in accordance with the provisions of this Licence; and
- (e) to execute any works which the <sup>1</sup>[Director of Petroleum] may be entitled to execute in accordance with the provisions of this Licence.

<sup>1</sup> Subs. by Notfn. No. S.R.O. 1377(K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for " Director General " which was subs., for " Director of Petroleum " by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918—20.

<sup>2</sup> Subs., for " Governor-General " by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918—20.

[Under section 2.—Pakistan Petroleum (Production) Rules]

34. *Power to execute works.*—If the Licensee shall at any time fail to perform the obligations arising under the terms and conditions of any of the undermentioned clauses of this Licence :—

- (a) clause 3 (Measurement of petroleum obtained from the said lands) ;
- (b) clause 21 (Abandonment and plugging of Boreholes) ;
- (c) clause 22 (Delivering up of Productive Boreholes and Wells, etc., in good order) ;
- (d) clause 23 (Plugging of Boreholes on determination of Licence, etc.) ;
- (e) clause 24 (Removal of plant, etc.) ;
- (f) clause 25 (Health and safety of workers and employees) ;
- (g) clause 26 (Avoidance of harmful methods of working) ;
- (h) clause 27 (Provision of Storage Tanks, Pipes, Pipeline or other receptacles) ;
- (i) clause 28 (Disposal of waste oil, salt water and refuse);

then and in any such case the <sup>1</sup>[Director of Petroleum] shall be entitled after giving to the Licensee reasonable notice in writing of such his intention to execute any works which in the opinion of the <sup>1</sup>[Director of Petroleum] or his agents may be necessary to secure the performance of the said obligations or any of them and to recover the costs and expenses of so doing from the Licensee.

35. *Right of distress.*—If and whenever any of the certain yearly rent or royalties reserved by this Licence or any part thereof respectively shall be in arrear or unpaid for the space of two calendar months next after any of the days whereon the same ought to be paid (whether the same shall have been legally demanded or not) then and so often as the same may happen the <sup>1</sup>[Director of Petroleum] may (as an additional remedy and without prejudice to the power of distress and other the rights and remedies to which he would be entitled) enter into and upon any land which shall for the time being be possessed or occupied by the Licensee for the purposes of this Licence or the exercise of any of the rights thereby granted and may seize and distrain and sell as landlords may do for rent in arrear all or any of the stocks of petroleum and products thereof live and dead stock engines, machinery, tools, implements, chattels and effects belonging to the Licensee which shall be found in or upon the land so entered upon and out of the moneys arising from the sale of such distress may retain and pay all the arrears of the said certain yearly rent and royalties and also the costs and expenses incident to any such distress and sale rendering the surplus (if any) to the Licensee.

36. *Power of Revocation.*—If the Licensee shall at any time violate the undertaking given in accordance with rule 4(6) of Pakistan Petroleum (Production) Rules, 1949, or refuse or neglect to observe or perform any of the terms and conditions of this Licence the <sup>2</sup>[President] may by notice in writing signed by him and served upon the Licensee summarily declare that the Licence hereby granted shall thenceforth determine and the Licence and all rights and liberties conferred hereby or enjoyed hereby or hereunder shall forthwith determine without prejudice to the rights and remedies of the <sup>2</sup>[President] in respect of any prior breach

<sup>1</sup> Subs. by Notfn. No. S.R.O. 1377 (K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for " Director General " which was subs., for " Director of Petroleum " by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918—20.

<sup>2</sup> Subs., for " Governor-General " by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918—20.

[Under section 2.—Pakistan Petroleum (Production) Rules]

or non-performance of any or all of the terms and conditions hereof on the part of the Licensee and in respect of the covenants on the part of the Licensee herein mentioned to be performed after the expiration or sooner determination of this Licence or after the abandonment of the undertaking hereby licensed. Provided always that save as to the non-payment of rents or royalties the aforesaid power shall not be exercisable unless and until notice has been given to the Licensee specifying the particular breach complained of and if the breach is capable of remedy, requiring the Licensee to remedy the breach and, in any case, requiring the Licensee to make compensation in money for the breach, and the Licensee fails, within a period of three months thereafter, to remedy the breach if it is capable of remedy, and to make reasonable compensation in money, to the satisfaction of the <sup>1</sup>[President] for the breach.

<sup>2</sup>[37. *Renewal.*—Subject to the Licensee having carried out working obligations under clause 5, the President may in his discretion on an application in writing made by the Licensee at least three months before the expiry of the term of this Licence grant one renewal of this licence in respect of the whole of the said lands or any part or parts thereof which comply with rule 23 of the Pakistan Petroleum (Production) Rules, 1949, for a further term of 12 months, if he is satisfied that further prospecting in the area is necessary during the period of renewal. If the Licensee submits to the President a satisfactory programme of work for the said period of renewal, renewal shall not be unreasonably withheld. No further renewal of this Licence shall be granted.]

37-A. The Licensee having before the expiration of this Licence applied for a mining lease shall have the right to renewal of this Licence until the mining lease applied for has been granted or refused and no fees shall be payable for such renewal of this Licence.

38. *Right of Licensee to determine Licence.*—Without prejudice to any obligation or liability imposed by or incurred under the terms and conditions hereof the Licensee may at any time during the term hereby granted or any renewal thereof determine this Licence by giving to the <sup>1</sup>[President] not less than three months' previous notice in writing to that effect.

39. *Right of Licensee to abandon portions of the said lands.*—Without prejudice to any obligation or liability imposed by or incurred under the terms and conditions hereof the Licensee shall be entitled at any time during the term hereby granted or any renewal thereof by giving three months' notice in writing to the <sup>1</sup>[President] to surrender the rights granted by this Licence in respect of any part or parts of the said lands:

Provided that—

- (a) the part of the said lands in respect of which the said rights are retained shall comply with the Rules for the time being in force as to the shape and size of areas in respect of which an Oil Prospecting Licence may be granted; and
- (b) the part of the said lands in respect of which the said rights are surrendered shall either be an area in respect of which a Licence could be granted in accordance with the Rules for the time being in force or be of such shape and size as the <sup>1</sup>[President] may determine.

<sup>1</sup> Subs., for "Governor-General" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918-20.

<sup>2</sup> Subs., for clause 37 by Notfn. No. M-2(I)/59, dated the 10th July, 1959, see Gaz. of P., 1959, Ext., pp. 1227-31.



## [Under section 2.—Pakistan Petroleum (Production) Rules]

39-A. On the surrender of the Licence, in whole or in part, as provided in clauses 38 and 39, the Licensee shall become entitled to a proportionate reduction in rent provided that such reduction in rent shall not take effect during the year in which he surrenders and for which rent has either been paid or has accrued.

40. *Right of Licensee.*—On or before the expiration of this Licence or any renewal thereof the Licensee having paid the rents and royalties due and having observed and performed the terms and conditions herein contained shall have the exclusive right <sup>1</sup>(subject to the provisions of the Rules for granting Oil Mining Leases in force on the day preceding the date of the issue of this Licence or the Oil Exploration Licence whichever was first issued in respect of the area) to an Oil Mining Lease, in the form of Oil Mining Lease <sup>2</sup>[set out in Part III of the Second Schedule to the Pakistan Petroleum (Production) Rules, 1949,] in respect of any part or parts of the said lands if he shall comply with the Rules as to applications for Oil Mining Leases.

<sup>3</sup>[Provided that the part or parts of the said lands in respect of which an Oil Mining Lease is granted shall comply with the Rules regarding the shape and size of the areas in force on the day preceding the date of issue of this Licence or the Oil Exploration Licence whichever was first issued in respect of the area.]

41. *Force majeure.*—(1) Failure on the part of the Licensee to fulfil any of the terms and conditions of this Licence shall not give the <sup>4</sup>[President] any claim against the Licensee or be deemed a breach of this Licence in so far as such failure arises from force majeure.

(2) In this clause the expression “force majeure” includes the act of God, war, insurrection, riot, civil commotion, tide, storm, tidal wave, flood, lightning, explosion, fire, earthquake and any other happening which the Licensee could not reasonably prevent or control.

42. *Employment of Nationals of Pakistan and their training.*—The <sup>4</sup>[President] may at his discretion require the Licensee to employ Nationals of Pakistan in his organisation at all levels and in all branches including technical and administrative units and to arrange for the training in Pakistan and abroad for the Nationals of Pakistan to fill up their aforesaid appointments and the Licensee shall comply with the instructions issued by the <sup>4</sup>[President] in this regard. The number of Pakistan personnel to be employed or trained will be determined in consultation with the <sup>5</sup>[Director of Petroleum].

43. *Pre-emption.*—In the event of a state of national emergency or war (of the existence of which the <sup>4</sup>[President] shall be the sole judge :—

(1) The <sup>4</sup>[President] shall have the right of pre-emption of all crude oil and/or products thereof gotten under this Licence.

<sup>1</sup> Subs., for certain words and brackets by Notfn. No. M(D)-3(19)/54, dated the 16th September, 1954, see Gaz. of P., 1954, Pt. I, pp. 238-39.

<sup>2</sup> Subs., for “hereto attached” by Notfn. No. M(M)-4(16)/48, dated the 10th January, 1950, see Gaz. of P., 1950, Pt. I, pp. 25-26.

<sup>3</sup> Subs., for the Proviso by Notfn. No. M(I)-3(19)/54, dated the 16th September, 1954, see Gaz. of P., 1954, Pt. I, pp. 238-39.

<sup>4</sup> Subs., for “Governor-General” by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918-20.

<sup>5</sup> Subs by Notfn. No. S.R.O. 1377 (K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for “Director General” which was subs., for “Director of Petroleum” by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918-20.

## [Under section 2.—Pakistan Petroleum (Production) Rules]

- (2) The Licensee shall use his utmost endeavours to increase so far as reasonably possible with existing facilities the supply of oil and/or products thereof for the Government to the extent required by the <sup>1</sup>[President].
- (3) The Licensee shall with every reasonable expedition and so as to avoid demurrage on the vessel or vessels engaged to convey the same, do his utmost to deliver all oil or products of oil purchased by the <sup>1</sup>[President] under his said right of pre-emption in the quantities at the time and in the manner required by the <sup>1</sup>[President] at a convenient place of shipment or at a place of storage in Pakistan to be determined by the <sup>1</sup>[President] whether belonging to the Government or otherwise. In the event of a vessel employed to carry any such oil or products thereof on behalf of the <sup>1</sup>[President] being detained on demurrage at the port of loading, the Licensee shall pay the amount due for demurrage according to the terms of the charter party and/or the rates of loading previously agreed with the Licensee unless the delay is due to causes beyond the control of the Licensee.
- (4) The price to be paid for all oil or products thereof taken in pre-emption by the <sup>1</sup>[President] shall be either—
- as specified in a separate agreement, or
  - if no such agreement shall have been entered into <sup>2</sup>[prior to the exercise] of the right of pre-emption a fair price for the time being at the point of delivery as the same shall be settled by agreement between the <sup>1</sup>[President] and the Licensee or in default of such agreement by arbitration in manner provided by clause 44.

To assist in arriving at a fair price at the point of delivery the Licensee shall furnish for the confidential information of the <sup>1</sup>[President], if so required, particulars of the quantities, descriptions and prices of oil or products sold to other customers and of charters or contractors entered into for carriage and shall exhibit to the <sup>1</sup>[President], original or authenticated Copies of Contracts or charter parties entered into for the sale or carriage of such oil and products.

- (5) The <sup>1</sup>[President] shall be at liberty to take control of the works plant and premises of the Licensee in Pakistan and in such event the Licensee shall conform to and obey all directions issued by the <sup>1</sup>[President] or on his behalf. Compensation shall be paid to the Licensee for any loss or damage that may be proved to have been sustained by the Licensee by reason of the exercise by the <sup>1</sup>[President] of the powers conferred by this sub-clause. Any such compensation shall be settled by agreement between the <sup>1</sup>[President] and the Licensee or, in default of agreement, by arbitration in the manner provided by clause 44.

44. *Arbitration.*—If at any time during the continuance of this Licence or after the determination thereof any question or dispute shall arise regarding this Licence or any matter or thing connected herewith or the powers duties or liabilities of the Licensee hereunder or the amount or payment of any rent or royalty then and in all such cases the matter in difference shall be referred to the Government of Pakistan in the appropriate Ministry whose decision will be final provided

<sup>1</sup> Subs., for "Governor-General" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918—20.

<sup>2</sup> Subs., for the words "prior to to the exercise" by Notfn. No. M(M)-3(8);56, dated the 21st September, 1956, see Gaz. of P., 1956, Ext., pp. 1684-85.

[Under section 2.—Pakistan Petroleum (Production) Rules]

that any dispute as regards (1) the right of the Licensee to an Oil Mining Lease or (2) cancellation of this Licence for any violation of the undertaking given in accordance with rule 4(6) of Pakistan Petroleum (Production) Rules, 1949, or any breach of its provisions or (3) price of plant and works, etc., required by the <sup>1</sup>[President] under clause 24 of this Licence or (4) price of crude oil pre-empted by Government or (5) compensation payable to the Licensee in terms of sub-clause (5) of clause 43 <sup>2</sup>[or (6) the approval of programme of work by the <sup>3</sup>[Director of Petroleum]] shall be determined by two arbitrators—one to be nominated by the <sup>1</sup>[President] and the other by the Licensee or in the case of disagreement between the arbitrators, by a judge of the <sup>4</sup>[Supreme Court] of Pakistan to be appointed as an umpire by the arbitrators in writing and the decision of such arbitrators or the judge of the <sup>4</sup>[Supreme Court] as umpire, as the case may be, shall be final.

45. *Marginal Notes.*—The Marginal Notes are for convenience only and do not form part of this Licence.

[In witness whereof the <sup>1</sup>[President] and the Licensee have hereunto set their hands and seals the day and year first herein above-written.]

[In witness whereof the <sup>1</sup>[President] has hereunto set his hand and seal and the Licensee has caused its Common Seal to be hereunto affixed the day and year first herein above written.]

Schedule A

**Description of the said lands.**—All those lands coloured red on the attached plan situate in and having a total area of \_\_\_\_\_ or thereabouts.

Schedule B

BOND IN RESPECT OF OIL PROSPECTING LICENCE

KNOW ALL MEN BY THESE PRESENTS THAT WE.....  
of.....  
and.....  
of.....  
are held and firmly bound to the <sup>1</sup>[President] of Pakistan and his Successors in Office in the sum of \_\_\_\_\_ to be paid to the said <sup>1</sup>[President] and his Successors in Office for which payment to be well and truly made we bind ourselves and each of us our heirs, executors and administrators jointly and severally by these presents.

Dated this.....day of.....19....

<sup>1</sup> Subs., for "Governor-General" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918—20.

<sup>2</sup> Ins. by Notfn. No. M(I)-3(19)/54, dated the 16th September, 1954, see Gaz. of P., 1954, Pt. I, pp. 238-39.

<sup>3</sup> Subs. by Notfn. No. 1377(K):62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for "Director General" which was subs., for "Director of Petroleum" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918—20.

<sup>4</sup> Subs., for "Federal Court", by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918—20.

[Under section 2.—Pakistan Petroleum (Production) Rules]

WHEREAS by deed of even date herewith and made between..... of the one part and the said..... of the other part the sole right and licence was granted to the said..... to search bore for win and work all or any Petroleum lying or being within, under or throughout that parcel of land situate and having an area of..... more or less and delineated in the plan attached to the said Deed subject to the terms, conditions and covenant contained.

AND WHEREAS the said..... hath agreed to become surety for the due performance by the said..... of all and several the covenants, matters and things under the said Deed [or any renewal thereof] to be by him performed and done.

NOW the condition of the above-written bond or obligation is such that if the said..... shall well and truly observe and perform all and every the covenants, undertakings and agreements by him to be observed and performed as hereinbefore mentioned and shall in a proper and workmanlike manner do all and every the acts, matters and things by him to be done under the said Deed to the satisfaction of the 2[President] THEN the above-written bond or obligation shall be void otherwise the same shall remain in full force and effect.

SECOND SCHEDULE

PART III

Standard Form of Oil Mining-Leases

This Deed made the..... day of..... 19..... between the 2[President] of Pakistan (hereinafter referred to as the "2[President]" which expression shall where the context so admits be deemed to include his successors in office and assigns) of the one part and..... (hereinafter referred to as "the Lessee" which expression shall where the context so admits be deemed to include his heirs, executors, administrators, representatives and assigns) of the other part;

WHEREAS the Lessee in accordance with the conditions laid down in the Rules for the time being in force for the granting of oil mining leases has applied to the 2[President] for an oil mining lease in respect of the lands specified in Part I of the Schedule marked "A" hereunder written (hereinafter referred to as "the said lands") and has entered into a bond in the form set out in the Schedule marked "B" hereunder written with the 2[President] in the sum of Rs..... conditioned for the due and faithful carrying out of the provisions contained in this Deed and in the Pakistan Petroleum (Production) Rules in force at the time of the grant of Oil Prospecting Licence.

AND WHEREAS the 2[President] has found that there is no objection to granting the said Lease.

1 Ins. by Notfn. No. M-4(9) M/53, dated the 30th December, 1953, see Gaz. of P., 1954, Pt. I, p. 14.

2 Subs., for "Governor-General" by Notfn. No. S.R.O. 1783 (K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918—20.

{Under section 2.—Pakistan Petroleum (Production) Rules}

NOW THIS DEED WITNESSETH AS FOLLOWS:—

In consideration of the rents, royalties, covenants and agreements hereinafter reserved and contained on the part of the Lessee to be paid and observed the <sup>1</sup>[President] hereby demises unto the Lessee all or any petroleum lying or being within under or throughout the said lands and hereby grants the liberties, powers and privileges to be exercised in connection with the said petroleum mentioned in Part II of the said Schedule marked "A" subject to the restriction and conditions, which are specified in Part III of the said Schedule marked "A" and to the provisions contained in Part IV of the said Schedule marked "A" and in the Pakistan Petroleum (Production) Rules, 1949.

To hold exercise and enjoy all and singular the premises, liberties, powers and privileges hereby granted and demised unto the Lessee from the ..... day of ..... 19..... for the term of thirty years then next ensuing yielding and paying free and clear from all rates taxes charges and deductions the several rents royalties and sums of money mentioned and specified in Part V of the said Schedule marked "A" subject to the provisions relating to rents and royalties contained in Part VI of the said Schedule marked "A". And the Lessee hereby covenants with the <sup>1</sup>[President] as in Part VII of the said Schedule marked "A" is expressed and the <sup>1</sup>[President] hereby covenants with the Lessee as in Part VIII of the said Schedule marked "A" is expressed and it is hereby mutually agreed and declared by and between the parties hereto as in Part IX of the said Schedule marked "A" is expressed and it is hereby declared that the Schedule marked "A" hereunder written shall be deemed part of these presents and be read and construed accordingly.

(In witness whereof the <sup>1</sup>[President] and Lessee have hereunto set their hands and seals the day and year first herein above written.)

(In witness whereof the <sup>1</sup>[President] has hereunto set his hand and seal and the Lessee has caused its Common Seal to be hereunto affixed the day and year first herein above written.)

### The Schedule marked "A" above referred to

#### PART I.—THE LANDS REFERRED TO IN THIS LEASE

*Description of the said lands.*—All those lands lying and being ..... delineated in the plan hereunto annexed and therein coloured pink and containing an area of ..... or thereabouts.

#### PART II.—LIBERTIES, POWERS AND PRIVILEGES TO BE EXERCISED OR ENJOYED BY THE LESSEE, BUT SUBJECT TO THE RESTRICTIONS AND CONDITIONS IN PART III.

1. *To bore, etc.*—To enter upon the said lands and to search bore for win and work all or any petroleum lying or being within under or throughout the said lands.

2. *To appropriate water etc.*—Subject to the approval of the <sup>1</sup>[President] to appropriate and use for any purpose connected with the borings or works or refining operations connected therewith, the water upon or within any of the said lands, and to collect, impound and bore for the same for the purpose of working the

<sup>1</sup> Subs., for "Governor-General" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918—20.

## [Under section 2.—Pakistan Petroleum (Production) Rules]

said borings or works or carrying out refining operations, but so that in the exercise of this privilege the Lessee shall not deprive any lands, villages, houses or watering places for cattle of a reasonable supply of water as heretofore accustomed.

3. *To appropriate surface of land for work, etc.*—To enter upon, use and occupy a sufficient part of the said lands adjoining any borings for depositing thereon the products of the said borings and all the earth soil and other substances brought to the surface and for otherwise carrying on the works of the said borings and operations hereunder.

4. *To refine.*—To refine or otherwise treat the aforesaid petroleum in and upon the said lands whether for purposes of sale or otherwise save as hereinafter provided.

5. *To store, lead and carry away oil, etc.*—To store, take, lead, pipe, and carry away, on, under or over the said lands the aforesaid petroleum and the products thereof and to dispose of the same at his own will and pleasure, save as hereinafter provided.

6. *To erect houses, etc.*—To erect set up and make in upon and over the said lands workmen's houses, sheds, engines, machinery, furnaces, buildings, erections, pipe-lines, telephone lines, railroads, tramroads, and other roads and works necessary or convenient for the effectual working of the said borings, works or refining operations connected therewith, and the exercise of the several liberties and powers hereby granted.

7. *To dig gravel, etc.*—To search for, dig and get free of charge gravel, sand, clay and stone within the said lands for the purpose mentioned <sup>1</sup>[in this Part of this Schedule], but not for sale provided that at the expiration of this Lease any excavations shall be fenced or filled in or levelled and left otherwise fit for cultivation and occupation, as far as may be reasonably practicable if so required by the <sup>2</sup>[President].

8. *To cut timber, etc.*—To cut down the brushwood, undergrowth and with the consent of the <sup>2</sup>[President] or of an officer authorised by him in this behalf to fell any timber now standing or growing, or which at any time hereafter may grow on the said lands, for the purpose of facilitating ingress and egress to and from the said lands, and also for the purposes of clearing lands for the erection of machinery and plant in connection with the purposes mentioned in this Part of this Schedule and also for the purpose of clearing lands for protection against damage by fire and for erecting and making habitable the said workmen's houses, and also for clearing land for the purposes of making pastures for the animals used by the Lessee for the operations herein specified :

Provided that (a) the clearing for any single pasture shall not exceed ten acres and (b) the Lessee shall pay a reasonable price for all timber and undergrowth cut down or felled by him for the purpose of making pastures or taken or used by him, such price to be assessed in default of agreement by the Secretary to Government of Pakistan in the appropriate Ministry. This clause shall not apply to any land that may have been proclaimed to be a Forest Reserve without the consent of the <sup>2</sup>[President] in writing first had and obtained.

<sup>1</sup> Subs., for the words " in this Part this Schedule " by Notfn. No. M(I)-3(8)/56, dated the 21st September, 1956, see Gaz. of P., 1956, Ext., pp. 1684-85.

<sup>2</sup> Subs., for " Governor-General " by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918-20.

[Under section 2.—Pakistan Petroleum (Production) Rules]

9. *To enclose with a fence.*—To enclose with a fence the surface of any of the said lands in respect of which the rents reserved in clause 19 (Surface rents) of this Schedule are being paid provided that the liberties and powers reserved to the <sup>1</sup>[President] in Part IV of this Schedule and all rights of way shall not thereby be affected.

PART III.—RESTRICTIONS AND CONDITIONS AS TO THE EXERCISE OF THE ABOVE LIBERTIES, POWERS AND PRIVILEGES.

10. *Notice to be given before entering on lands for surface purposes.*—(1) Before occupying any land for surface operations, or clearing any land for the purpose of making pastures under clause 8 (To cut timber, etc.) of this Schedule the Lessee shall give to the <sup>2</sup>[Director of Petroleum] fourteen days' previous notice in writing specifying by name or other sufficient designation and by quantity the land proposed to be occupied and the purpose for which the same is required.

(2) The <sup>2</sup>[Director of Petroleum] shall at any time within one month from the receipt of such notice state his objections, if any, on grounds of public interest to the proposed site and the Lessee shall not proceed with any of the operations mentioned in sub-clause (1) of this clause till the objections are removed.

11. *Compensation to occupiers.*—The Lessee shall before occupying any land for surface operation pay or tender reasonable compensation to the occupiers thereof and shall thereupon be entitled to occupy the land, but shall nevertheless be bound to pay the amount of compensation which, in case of dispute, shall be assessed in terms of clause 67 of this Schedule.

12. *Sale or lease of surface to third parties.*—(1) The <sup>2</sup>[Director of Petroleum] may at any time or times give notice in writing to the Lessee that application has been made to the <sup>1</sup>[President] to purchase or lease the surface of such portion of the Lands referred to in this Lease as is mentioned in such notice.

(2) If the Lessee shall not within ninety days after service of such notice on him give to the <sup>1</sup>[President] notice in writing that he objects to the <sup>1</sup>[President] acceding to such application on the ground that the proposed sale or lease will prejudicially affect his rights under this Lease it shall be lawful for the <sup>1</sup>[President] at any time or times after the expiration of that period to sell or lease all or any part of the surface specified in such first mentioned notice freed and discharged from all rights of the Lessee hereunder and the Lessee shall thereupon be relieved of all liabilities and obligations hereunder in respect of the area specified in such first mentioned notice excepting such liabilities and obligations as may have accrued before the date of service of such notice.

(3) If any such objection as aforesaid shall be made by the Lessee within the period aforesaid and the <sup>1</sup>[President] shall notwithstanding such objection desire to make the sale or lease the question whether the proposed sale or lease should or should not be made shall be determined in terms of clause 67 of this Schedule.

<sup>1</sup> Subs., for "Governor-General" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918—20.

<sup>2</sup> Subs. by Notfn. No. S.R.O. 1377 (K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for "Director General" which was subs., for "Director of Petroleum" by Notfn. No. S.R.O. 1783 (K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918—20.

[Under section 2.—Pakistan Petroleum (Production) Rules]

(4) Where a sale or lease of the surface of a portion of the lands has been made by the <sup>1</sup>[President] under this clause the Lessee shall have a prior right to have the land again included in the lands subject to this Lease if it shall subsequently become available for this purpose.

13. *Distance of bore-holes or wells from boundaries of the said lands.*—No borehole or well shall except with the consent in writing of the <sup>2</sup>[Director of Petroleum] be drilled or made within a distance of 150 feet from the boundaries of the said lands, provided that the restriction shall not apply to the common boundary of the said land and of any contiguous areas leased to the Lessee.

14. *No mining operations to be carried on near railway, etc.*—No boring operations or working shall be carried on or allowed by the Lessee in the said lands at any point within 100 yards of any railway, reservoir, canal or other public works or any building or inhabited site on or near the said lands except with the previous permission in writing of the <sup>1</sup>[President] or of any officer authorised by him in this behalf and subject to any instructions, restrictions and conditions which may be attached to such permission by the officer granting the same.

15. *Cutting of timber.*—Save as provided in clause 8 (To cut timber, etc.), of this Schedule the Lessee shall not without the express sanction of the <sup>1</sup>[President] cut down or injure any trees or timber in the said lands.

PART IV.—LIBERTIES AND POWERS OF THE <sup>1</sup>[PRESIDENT] AND OTHERS

16. These presents or anything herein contained shall not prejudice or affect the exercise from time to time of all or any of the following liberties and powers, that is to say :—

- (1) <sup>1</sup>[President] may work other minerals, etc.—Liberty and power for the <sup>1</sup>[President] or any other person authorised by him in that behalf to enter into and upon the said lands and to search for, dig, work and get any minerals or substances other than petroleum upon or under the said lands and for the purposes aforesaid to sink, make, erect and use such pits, shafts, levels, drains, watercourses, tunnels, buildings, engines or machinery, railways, wagon-ways and other ways, works and conveniences upon, through or under the said lands as he shall deem necessary or expedient; provided always that the said reserved liberties and powers to work for minerals or substances other than petroleum shall be exercised and enjoyed in such a manner as not to hinder or interfere with the rights and privileges of the Lessee under these presents, and provided also that fair and proper compensation shall be paid by the <sup>1</sup>[President] for all loss, damage or injury which the Lessee may sustain or be put to by reason or in consequence of the exercise of the said reserved liberties and powers to work for mineral or substances other than petroleum.
- (2) <sup>1</sup>[President] may enter lands, etc.—Liberty and power for the <sup>1</sup>[President] or any other person authorised by him in that behalf to enter into and upon the said lands and to make and maintain upon, over or through

<sup>1</sup> Subs., for " Governor-General " by Notfn. No. S.R.O. 1783 (K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918-20.

<sup>2</sup> Subs. by Notfn. No. S.R.O. 1377 (K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for " Director General " which was subs., for " Director of Petroleum " by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918-20.



*[Under section 2.—Pakistan Petroleum (Production) Rules]*

the said lands such reservoirs, pumping stations, generating stations, water-ways, roads, tramways, railways, telegraph and telephone lines and pipe-lines or other works as he shall deem necessary or expedient for any purpose, and to obtain from and out of the said lands such stone, earth and other materials as may be necessary or requisite for making, repairing or maintaining the same or any of them and at all times to draw water from the said lands and to have free access thereto, and to pass and repass at all times over and along the said lands for all such purposes as occasion shall require; provided always that the said reserved liberties and powers shall be exercised and enjoyed in such a manner as not to hinder or interfere with the rights and privileges of the Lessee under these presents: And provided also that fair and proper compensation shall be paid by the <sup>1</sup>[President] for all loss, damage or injury (not however including the value of any water, stone, earth or other materials taken) which the Lessee may sustain or be put to by reason or in consequence of the exercise of the said reserved liberties and powers.

- (3) <sup>1</sup>[President] may grant or demise said lands to third parties subject to Lessee's rights.—Liberty and power for the <sup>1</sup>[President] to grant or demise to any person all or any part of the said lands for any purpose so that such grant or demise be made subject to the rights of the Lessee hereunder.

## PART V.—RENTS AND ROYALTIES RESERVED BY THIS LEASE

17. *Certain yearly rent.*—(1) The Lessee shall pay annually in advance to the <sup>1</sup>[President] during the term hereby granted certain yearly rent at the rate of Rs. 2,000/- per sq. mile <sup>2</sup>[or part thereof].

(2) Payment of the certain yearly rent reserved by this Lease shall be made annually in advance, and the first payment of the sum of \_\_\_\_\_ in respect of the first year of the term hereby granted (the receipt whereof is hereby acknowledged) shall be made on the execution of this Lease.

18. *Royalties.*—The Lessee shall pay to the <sup>1</sup>[President] within two months after the end of each year of the term hereby granted, the royalties hereunder specified :—

- (1) On all crude oil <sup>3</sup>[sold by the Lessee or if utilized by him for any other purpose than the production of petroleum]—12½ per cent. on the well-head value (convertible at the option of the Government to an equivalent charge per 40 gallons to be fixed annually) subject to a minimum of 8 annas per 40 gallons.
- (2) *Natural gas.*—<sup>4</sup>[If sold by the Lessee or] if utilized by him for any other purpose than the production of petroleum—12½ per cent. on the well-head value.

<sup>1</sup> Subs., for "Governor-General" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918—20.

<sup>2</sup> Added by Notfn. No. M(M)-4(16)/48, dated the 10th January, 1950, see Gaz. of P., 1950, Pt. I, pp. 25-26.

<sup>3</sup> Subs., for the words "won and saved by the Lessee from the said lands" by Notfn. No. M(I)-3(4)/55, dated the 22nd December, 1955, see Gaz. of P., 1955, Pt. I, p. 512.

<sup>4</sup> Subs., for the words "If sold by the Licensee or" by Notfn. No. M(I)-3(8)/56, dated the 21st September, 1956, see Gaz. of P., 1956, Ext., pp. 1684-85.

[Under section 2.—Pakistan Petroleum (Production) Rules]

On gas converted into gasoline the well-head value shall be calculated on the volume of gasoline manufactured : it shall be deemed to be equivalent to the selling value of the gasoline less the cost of manufacture and the royalty shall be subject to a minimum of 8 annas per 40 gallons of gasoline manufactured :

Provided that the 12½ per cent. royalty rate shall be convertible at the option of the Government to an equivalent charge per 40 gallons of gasoline (not being less than eight annas) or per 1,000 cubic feet of gas, as the case may be, to be fixed annually.

(3) From the amount of royalties payable under the foregoing provisions of this clause in respect of any such year there shall be deducted the amount of the certain yearly rent actually paid in respect of that year under the provisions of clause 17 (Certain yearly rent) of this Schedule.

<sup>1</sup>[(4) Notwithstanding anything contained in sub-clauses (1) to (3) the President may in his discretion require the Lessee to pay the 12½% royalty or part thereof in kind, that is to say, in the form of crude oil or natural gas. If the President requires payment of royalty in kind, he shall give the Lessee three months' prior notice to this effect. The Lessee shall provide transportation facilities to transport such crude oil or natural gas for which the President shall pay the transportation charges to the Lessee.]

<sup>2</sup>[19. *Surface rents.*—(1) The Lessee shall pay to the President in respect of Government owned land the further yearly rent at the rate assessable under the revenue and rent law in the district in which the land is situated, the surface whereof shall be actually used or occupied by the Lessee superficially for any of the purposes of this demise, and water rates, if any, ordinarily assessable under any irrigation rules, if the land had been occupied for the winning of petroleum. If no such rent is assessable under the laws of the district, the rate may be fixed by the President subject to a maximum of Rs. 2,000 00 per square mile. The said rent and water rates shall be paid by the Lessee in equal half yearly instalments on the 1st day of January and the 1st day of July in every year. The first of such payments to be made on whichever of the said days shall happen next after such occupation or use shall commence, and the last half yearly payment thereof to be made on whichever of the said days shall happen next after such occupation or use shall have ceased.]

<sup>3</sup>(2) If the land belongs to a private person or the Forest Department, the Lessee shall pay surface rent to the land owner or the Forest Department, as the case may be, for the area of land the surface whereof be actually used or occupied superficially by the Lessee for any of the purposes of this demise, at such rate or rates and in such manner as may be mutually agreed upon between the Lessee and the land owner or the Forest Department, and in case of disagreement between the aforesaid parties, at such rate or rates and in such manner as may be determined by the <sup>4</sup>[Director of Petroleum].

<sup>1</sup> Sub-clause (4), added by Notfn. No. M-2 (1)/59, dated the 10th July, 1959, see Gaz. of P., 1959, Ext., pp. 1227—31.

<sup>2</sup> Subs. by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918—20, for sub-clause (1) of clause 19, as amended by Notfn. No. M-4(3)M/53, dated the 25th February, 1953, published in the Gaz. of P., 1953, Ext., pp. 247-248 ; and Notfn. No. M(1)-3(8)/56, dated the 21st September, 1956, published in the Gaz. of P., 1956, Ext., pp. 1684-85.

<sup>3</sup> Sub-clause (2) added by Notfn. No. M-4 (3)M/53, dated the 25th February, 1953, see Gaz. of P., 1953, Ext., pp. 247-48.

<sup>4</sup> Subs. by Notfn. No. S.R.O. 1377(K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for ' Director General' which was subs. for "Licensing Authority" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918—20.

## [Under section 2.—Pakistan Petroleum (Production) Rules]

## PART VI.—PROVISIONS RELATING TO RENTS AND ROYALTIES

20. *Refund of certain yearly rent on determination or surrender.*—(1) Upon the determination by the Lessee of the term hereby granted or any renewal thereof or upon the surrender by him of the rights granted by this Lease in respect of any part or parts of the said lands the <sup>1</sup>[President] will refund to the Lessee an apportioned part of yearly rent paid by the Lessee in advance in respect of the said lands or any such part or parts thereof provided that such reduction in rent shall not take effect during the year in which he surrenders and for which rent has either been paid or has accrued.

(2) Upon the release by the Lessee of any lands or area under the provisions of clause 29 (Release of lands included by inadvertence in the said lands) of this Schedule, the <sup>1</sup>[President] will refund to the Lessee an apportioned part of any certain yearly rent paid by the Lessee during the term hereby granted in respect of the said lands; provided that in respect of any year the amount remaining of the certain yearly rent after the said refund shall not be less than the amount of royalties payable in respect of any such year under the provisions of sub-clauses (1) and (2) of clause 18 (Royalties) of this Schedule.

(3) The Lessee shall pay the rents and royalty reserved by this Lease at the times and in the manner provided in Parts V and VI and shall also pay and discharge all taxes, rates, assessments and impositions whatsoever being in the nature of public demands which shall from time to time be charged, assessed or imposed upon or in respect of the mines or works of the Lessee or any part thereof by authority of Government or otherwise except demands for land revenue and shall also pay simple interest at the rate of \_\_\_\_\_ per cent. per annum, on all arrears of such rents or royalty from the date whereon the same ought to be paid under these presents.

## PART VII.—THE LESSEE'S COVENANTS

21. *Payment of rents and Royalties.*—The Lessee shall pay the several rents and royalties hereby reserved at the times and in the manner above appointed in that behalf.

22. *Measurement of petroleum obtained from the said lands.*—(1) The Lessee shall measure or weigh by a method or methods customarily used in good oilfield practice and from time to time approved by the <sup>2</sup>[Director of Petroleum],—

- (a) all crude oil won and saved and casing-head petroleum spirit recovered from the said lands; and
- (b) all natural gas sold from the said lands.

(2) The <sup>2</sup>[Director of Petroleum] or any Officer authorised by him shall, at all times during the said term or any renewal thereof, be entitled to be present whenever such measurement or weighing takes place.

(3) If any measuring or weighing appliance shall at any time be found to be false or unjust, the same shall, if the <sup>2</sup>[Director of Petroleum] so determines after considering any representations in writing made by the Lessee, be deemed to have existed in that condition during the period of three months prior to the

<sup>1</sup> Subs., for "Governor-General" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918—20.

<sup>2</sup> Subs. by Notfn. No. S. R.O. 1377(K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92. for "Director General" which was subs., for "Director of Petroleum" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918—20.

[Under section 2.—Pakistan Petroleum (Production) Rules]

discovery thereof or the period elapsed since the last occasion upon which the same was examined or tested, whichever shall be the less, and accordingly the royalties payable in respect of such period shall be adjusted.

(4) The Lessee shall not make any alteration in the method or methods of measurement or weighing used by him or any appliances used for that purpose without first informing the <sup>1</sup>[Director of Petroleum] and the <sup>1</sup>[Director of Petroleum] may in any case require that no alteration shall be made save in the presence of an officer authorised by the <sup>1</sup>[Director of Petroleum].

23. *Keeping of Accounts.*—(1) The Lessee shall at all times during the term hereby granted or any renewal thereof keep full and correct accounts in a form from time to time approved by the <sup>1</sup>[Director of Petroleum] which shall contain accurate entries of—

- (a) the quantity of crude oil won and saved from the said lands ; and
- (b) the method and results of tests made on the crude oil ; and
- (c) the quantity of crude oil refined and the products recovered therefrom ; and
- (d) the quantity of crude oil otherwise disposed of and the manner of its disposal ; and
- (e) the quantity of natural gas sold and the price at which it has been sold ; and
- (f) the quantity in cubic feet of natural gas treated and the quantity in Imperial gallons of casing-head petroleum spirit recovered ; and
- (g) the quantity of crude oil and the products thereof or casing-head petroleum spirit used for drilling or production operations or pumping to field storage and refineries ; and
- (h) such further particulars and statistics as the <sup>1</sup>[Director of Petroleum] may from time to time reasonably require.

(2) The Lessee shall within two months after the end of each year of the term hereby granted or any renewal thereof deliver to the <sup>1</sup>[Director of Petroleum] an abstract in a form from time to time approved by the <sup>1</sup>[Director of Petroleum] of the said accounts for each such year together with a statement in the like form of all royalties payable in respect of each such year.

24. *Establishment of boundary marks.*—The Lessee shall unless the <sup>1</sup>[Director of Petroleum] otherwise determines at his own expense forthwith erect and at all times maintain and keep in repair substantial boundary marks of brick, stone or concrete not less than one foot high at every angle or corner of the boundary line of the said lands. Such boundary marks shall be referenced by survey to at least two readily identifiable points in such a manner that the boundaries of the said lands can be accurately traced on the ground. The Lessee shall ensure that the area demarcated on the ground shall conform as closely as possible to the area delineated on the plan hereto annexed.

25. *Refinery.*—As soon as the output of crude oil of a quality suitable for refining obtained from the area or areas from time to time held under oil mining lease by the Lessee in Pakistan amounts in the aggregate to.....tons

<sup>1</sup> Subs. by Notfn. No. S.R.O. 1377 (K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for " Director General " which was subs., for " Director of Petroleum " by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918—20.

[Under section 2.—Pakistan Petroleum (Production) Rules]

per annum, assessed on the average daily production over a period of not less than six consecutive calendar months (such calculation not to include such portion of the production of any wells as may not be under control) the Lessee [except as hereinafter in sub-clause (2) of this clause provided] shall commence the erection of a refinery capable of dealing with at least fifty per cent. of the output of crude oil ascertained as above and of so treating the said crude oil as to produce oil fuels that shall comply with the specification prescribed by the <sup>1</sup>[Director of Petroleum] at the time provided that the said crude oil be of a suitable kind and quality for this purpose. The Lessee shall complete the refinery and put and maintain it in efficient working order with due diligence and dispatch, but in any event within three years from the date on which the site of such refinery shall have been definitely approved. The Lessee shall if required by the <sup>2</sup>[President] so to do at intervals of not less than twelve months, make such additions to this refinery as may be requisite for dealing with at least fifty per cent. of the crude oil which the wells assessed as stated above are capable of yielding annually:

Provided that the sites of such refineries and all tanks for the storage of petroleum shall be selected by the Lessee with the previous written approval of the <sup>1</sup>[Director of Petroleum] such approval not to be unreasonably withheld, due regard being had to the Commercial interests of the undertaking:

Provided further that the sites of such refineries shall be submitted for the approval of the <sup>1</sup>[Director of Petroleum] within two months from the date on which the production shall have reached.....tons per annum ascertained as above.

(2) Where a refinery controlled by the Lessee a subsidiary or an associated company and having available in the opinion of <sup>2</sup>[President] sufficient surplus capacity over and above its normal output to deal with the percentage of Crude Oil output referred to in sub-clause (1) of this clause and capable of satisfying the requirement of that sub-clause as to the specification of the oil after refining already exists in Pakistan and in the opinion of the <sup>2</sup>[President] is situated sufficiently near to the source of output of crude oil obtained by the Lessee in Pakistan to render the erection of a refinery in Pakistan redundant, the <sup>2</sup>[President] may on an application in that behalf by the Lessee release the Lessee from his obligations under sub-clause (1) hereof.

26. *Local Resident Manager.*—The Lessee shall before commencing any operations in the said lands furnish to the <sup>1</sup>[Director of Petroleum] the name and address of the Manager resident in the locality of the said lands under whose supervision such operations are to be carried on. Any notice which the <sup>2</sup>[President] or any person authorised by him is in accordance with the terms of this Lease required or entitled to serve upon the Lessee shall be sufficiently served if the same shall be delivered or sent by Registered post to such Manager at such address.

27. *Compensation.*—The Lessee shall make and pay reasonable satisfaction and compensation for all damage or injury to the property and rights of other parties which may be done by him, his agents and servants in the exercise of the liberties and powers conferred by this Lease.

<sup>1</sup> Subs. by Notfn. No. S.R.O. 1377(K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for "Director General" which was subs. for "Director of Petroleum" by Notfn. No. S.R.O. 1783 (K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918-20.

<sup>2</sup> Subs., for "Governor General" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918-20.

[Under section 2.—Pakistan Petroleum (Production) Rules]

28. *Indemnity against third party claims.*—The Lessee shall at all time indemnify and keep harmless the <sup>1</sup>[President] and every officer of the Government of Pakistan against all actions, costs, charges, claims and demands whatsoever which may be made or brought by any third party in relation to or in connection with this Lease or any matter or thing done or purported to be done in pursuance thereof.

29. *Release of lands included by inadvertence in the said lands.*—In the event of the inclusion by inadvertence in Part I of this Schedule of lands or areas over which it may subsequently be proved that the Government are not entitled to the oil rights or of lands or areas in respect of which the oil rights have already been granted to other individuals or companies the Lessee shall immediately release to the <sup>1</sup>[President] any such lands or areas when required to do so by the <sup>2</sup>[Director of Petroleum].

30. *Lessee not to cultivate, etc.*—The Lessee shall not except with the consent of the <sup>1</sup>[President] cultivate or use the said lands in any manner save for the purpose of this demise and the rights hereby granted.

31. *Exclusion of lands for public purposes, etc.*—(1) Notwithstanding the rights conferred on the Lessee under this Lease, the <sup>1</sup>[President] shall have power at any time to require the exclusion from the lands included in Part I of this Schedule of any area or areas which may from time to time be required for villages, new villages, village extensions, water reserves, or any other public purposes whatsoever provided that during the subsistence of this Lease the area or areas so excluded shall not exceed in all——— and provided further that the exclusion of any area or areas upon which any active operations such as well drilling, road construction, water-works, or other works relating to the winning of petroleum have previously been commenced or be in progress shall not be required but in lieu thereof an equal area or areas upon which active operations as aforementioned have not already been commenced or are not at the time being in progress shall be excluded, provided that such alternative area or areas are in the opinion of the <sup>1</sup>[President] suitable for the public purposes aforementioned, and the Lessee shall thereupon be relieved of all liabilities and obligations hereunder in respect of any such area or areas excluded under the provisions of this clause excepting such liabilities and obligations as may have accrued before such exclusion.

(2) Where any area or areas have been excluded under this clause the Lessee shall have a prior right to have such lands or areas included in the lands subject to this Lease if they shall subsequently become available for this purpose.

32. *Advertisements, Prospectuses, etc.*—No statement shall be made either in any notice, advertisement, prospectus or other document issued by or to the knowledge of the Lessee or in any other manner claiming or suggesting whether expressly or by implication that the <sup>1</sup>[President] or any other Government Department or any person or body acting on behalf of the <sup>1</sup>[President] has or have formed or expressed any opinion that the said lands are from their geological formation or otherwise likely to contain petroleum.

<sup>1</sup> Subs. for "Governor-General" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918—20.

<sup>2</sup> Subs. by Notfn. No. S.R.O. 1377(K)/62, dated the 29th December, 1962, see Gaz. of P., 1962, Ext., pp. 1591-92, for "Director General" which was subs., for "Director of Petroleum" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, published in the Gaz. of P., 1960, Ext., pp. 1918—20.

[Under section 2.—Pakistan Petroleum (Production) Rules]

33. *Notice of fresh issues of capital.*—The Lessee shall report to the <sup>1</sup>[President] particulars of any fresh issues of capital which may from time to time be made by him and any alteration which may be made in the Memorandum or Articles of Association or in the constitution of the Lessee.

34. *Consent to Assignment.*—The Lessee shall not grant or assign any interest under this Lease nor part with the possession of any of the rights hereby granted to any person or persons whomsoever without the previous consent in writing of the <sup>1</sup>[President] or of an officer authorised by him in this behalf who may (without prejudice to his right to make such consent subject to any conditions he may think fit) require as a condition of giving such consent the assignee or assignees at his or their expense to execute a deed of covenant to observe and perform the covenants and conditions on the part of the Lessee in these presents contained.

35. *Assignment of Lease.*—The Lessee shall not assign or attempt to assign the rights granted by this Lease to any person other than a subject of Pakistan or a company incorporated in Pakistan.

36. *Lessee ceasing to be a Pakistan subject.*—If the Lessee shall cease to be Pakistan national or a company incorporated in Pakistan the Lessee shall forthwith inform the <sup>1</sup>[President] and apply to him for his consent to an assignment of the rights granted by this Lease in accordance with clause 34 (Consent to Assignment) of this Schedule and in the event of the Lessee failing to obtain such consent within such time as the <sup>1</sup>[President] may in his discretion appoint, the <sup>1</sup>[President] may revoke this Lease. The revocation of this Lease in pursuance of the foregoing provisions of this clause shall be subject and without prejudice to any obligation or liability imposed by or incurred under the terms and conditions hereof.

37. *Reciprocity.*—This Lease shall be determined if the Lessee shall be or become controlled directly or indirectly by a national of or by a company incorporated in any country the laws and customs of which do not permit nationals of Pakistan or companies incorporated in Pakistan or companies incorporated in that country controlled directly or indirectly by nationals of Pakistan or companies incorporated in Pakistan to acquire, hold and operate petroleum concessions on conditions which in the opinion of the <sup>1</sup>[President] are reasonably comparable with the conditions upon which such rights are granted to nationals of that country with the addition of conditions corresponding to those imposed by this clause and those included in the Pakistan Petroleum (Production) Rules, 1949, as today in force.

38. *Lessee not to obstruct working of other minerals.*—The Lessee shall exercise the liberties and powers hereby granted in such a manner as to offer no unnecessary or reasonably avoidable obstruction or interruption to the development and working within the said lands or lands adjacent thereto of any minerals not included in this Lease and shall at all times afford to the <sup>1</sup>[President] or his representative and to the holders of prospecting licences or mining leases in respect of any such minerals or any minerals within any lands adjacent to the said lands reasonable means of access and safe and convenient passage upon and across the said lands to such minerals for the purpose of getting, working, developing and carrying away the same.

<sup>1</sup> Subs., for "Governor-General" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918—20.

[Under section 2.—Pakistan Petroleum (Production) Rules]

39. *Notice of the site and commencement of boreholes and wells.*—(1) As soon as the site of any borehole or well has been decided the Lessee shall notify the <sup>1</sup>[Director of Petroleum] in writing of the situation thereof and the same shall be described by a certain number in the plans and records which the Lessee is required to keep under the provisions of this Lease. The Lessee shall notify the <sup>1</sup>[Director of Petroleum] of any change of the number of any such borehole or well which may be made.

(2) No borehole or well shall be commenced and no borehole or well shall be recommenced after work has been discontinued thereat for more than six months unless seven clear days' notice in writing shall first have been given to the <sup>1</sup>[Director of Petroleum]. Provided that the provisions of this sub-clause shall not apply to cleaning out operations in a producing well.

40. *Abandonment and plugging of boreholes.*—(1) No boreholes or wells shall be abandoned and no cemented string or other permanent form of casing shall be withdrawn from any borehole or well which it is proposed to abandon without the prior consent in writing of the <sup>1</sup>[Director of Petroleum] such consent not to be unreasonably withheld in the case of boreholes or wells which have become or are unproductive.

(2) Every borehole or well which the Lessee intends to abandon shall, unless the <sup>1</sup>[Director of Petroleum] otherwise determines, be so securely plugged by the Lessee as to prevent ingress and egress of water in and from any portion of the strata bored through.

(3) The <sup>1</sup>[Director of Petroleum] may in any case require that no borehole or well shall be plugged or any works be executed for that purpose save in the presence of an officer authorised by him.

41. *Delivering up of productive boreholes and wells etc., in good order.*—Within two months after the expiration or sooner determination of this Lease the Lessee shall deliver up to the <sup>2</sup>[President] in good order, repair and condition and fit for further working all productive boreholes or wells (unless ordered by the <sup>1</sup>[Director of Petroleum] to plug them as provided in the next succeeding clause hereof) and except such boreholes and wells as shall have been previously abandoned with the consent of the <sup>1</sup>[Director of Petroleum] which shall have been made by the Lessee under the liberty or power in that behalf hereinbefore contained, together with all casings and other appurtenances to such boreholes or wells below surface level and which cannot be moved without causing injury to the said boreholes and wells.

42. *Plugging of boreholes on determination of Lease, etc.*—Within two months after the expiration or sooner determination of this Lease the Lessee shall if required so to do by the <sup>1</sup>[Director of Petroleum] plug all boreholes and wells as provided in clause 40 (Abandonment and plugging of boreholes) of this Schedule.

43. *Health and safety of workers and employees.*—The Lessee shall comply with any instructions from time to time given by the Chief Inspector of Mines in writing for securing the health and safety of persons employed in or about the said lands.

<sup>1</sup> See foot-note 2, on page 51, *supra*.

<sup>2</sup> Subs. for "Governor General" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see *Gaz. of P., 1960, Ext., pp. 1918—20.*



[Under section 2.—Pakistan Petroleum (Production) Rules]

44. *Avoidance of harmful methods of working.*—(1) The Lessee shall maintain all apparatus and appliances and all boreholes and wells capable of producing petroleum in good repair and condition and shall execute all operations in or in connection with the said lands in a proper and workmanlike manner in accordance with methods and practice customarily used in good oilfield practice and without prejudice to the generality of the foregoing provision the Lessee shall take all steps practicable in order:—

- (a) to control the flow and to prevent the escape or waste of petroleum discovered in or obtained from the said lands ; and
- (b) to conserve the said lands for productive operations ; and
- (c) to prevent damage to adjoining petroleum bearing strata ; and
- (d) to prevent the entrance of water through bore-holes and wells to petroleum bearing strata ; and
- (e) to prevent the escape of petroleum into any water wells, spring, stream, river, lake, reservoir, estuary or harbour ; and
- (f) to cause as little damage as possible to the surface of the said lands and to the trees, crops, buildings, structures and other property thereon.

(2) The Lessee shall comply with any instructions from time to time given by the <sup>1</sup>[Director of Petroleum] in writing relating to any of the matters set out in sub-clause (1) hereof.

45. *Provision of storage tanks, pipes, pipelines or other receptacles.*—The Lessee shall use methods and practice customarily used in good oil-field practice for confining the petroleum obtained from the said lands in tanks, gasholders, pipes, pipelines or other receptacles constructed for that purpose. No petroleum shall, save as a temporary measure, during an emergency, be placed or kept in an earthen reservoir.

46. *Disposal of waste oil, salt water and refuse.*—The Lessee shall drain all waste oil, salt water and refuse from tanks, gasholders, bore-holes and wells into proper receptacles constructed and maintained by him for that purpose at a safe distance from such tanks, gasholders, bore-holes and wells and from any buildings or structures whether situate within the said lands or not and shall dispose of such waste oil, salt water and refuse in manner from time to time approved by the <sup>1</sup>[Director of Petroleum].

47. *Lessee to keep records of bore-holes.*—The Lessee shall keep accurate records in a form from time to time approved by the <sup>1</sup>[Director of Petroleum] of the drilling, deepening, plugging or abandonment of all bore-holes and wells, and of any alterations to the casing thereof. A log of all bore-holes and wells shall be kept in a form from time to time approved by the <sup>1</sup>[Director of Petroleum] containing particulars of the following matters:—

- (a) the strata and subsoil through which the bore-hole or well was drilled ; and
- (b) the casing inserted in any bore-holes or well and any alteration to such casing ; and
- (c) any petroleum, water, workable minerals or mine workings encountered ; and

<sup>1</sup> See foot-note 2, on page 51, *supra*.

[Under section 2.—Pakistan Petroleum (Production) Rules]

- (d) such other matters as the <sup>1</sup>[Director of Petroleum] may from time to time require.

The Lessee shall deliver copies of the said records and log to the <sup>1</sup>[Director of Petroleum] as and when required.

48. *Lessee to keep samples of strata, petroleum and water.*—The Lessee shall as far as reasonably practicable correctly label and preserve for reference for a period of twelve months characteristic samples of the strata or water encountered in any borehole or well and samples of any petroleum discovered in the said lands. And the <sup>1</sup>[Director of Petroleum] or his representative shall have access to such samples at all reasonable times and shall be entitled to require that representative specimens not exceeding one half of any such sample be delivered to him and to retain any specimen so delivered.

49. *Plans and Records.*—(1) The Lessee shall furnish to the <sup>1</sup>[Director of Petroleum] (quarterly) (at such times as the <sup>1</sup>[Director of Petroleum] may appoint) during the term hereby granted or any renewal thereof, a record in a form from time to time approved by the <sup>1</sup>[Director of Petroleum] of the progress of his operations in the said lands. Such record shall contain:

- (a) a statement of the depth drilled in each borehole or well ; and
- (b) a statement of any petroleum, water, workable mineral or mine workings encountered in the course of the said operations ; and
- (c) a statement of all petroleum produced and casinghead petroleum spirit recovered ; and
- (d) a statement of the areas in which any geological or geophysical work has been carried out.

(2) Within two months after the end of each year comprised in the term hereby granted or any renewal thereof the Lessee shall furnish to the <sup>1</sup>[Director of Petroleum] a record in a form from time to time approved by the <sup>1</sup>[Director of Petroleum] of the operations conducted in the said lands during each such year, together with a plan upon a scale approved by the <sup>1</sup>[Director of Petroleum] showing the situation of all bore-holes or wells and indicating all development and other works executed by him in connection with searching, boring for and getting petroleum.

(3) The Lessee shall also keep accurate geological plans, maps and records relating to the said lands.

(4) The Lessee shall furnish to the <sup>1</sup>[Director of Petroleum] such plans and information as to the progress of operations in the said lands as the <sup>1</sup>[Director of Petroleum] may from time to time reasonably require.

50. *Reports to be treated as confidential.*—All logs, records, plans, maps, accounts and information which the Lessee is or may be from time to time required to furnish under the provisions of this Lease shall be supplied at the expense of the Lessee and shall (except with the consent in writing of the Lessee which shall not be unreasonably withheld) be treated by the <sup>1</sup>[Director of Petroleum] as confidential. The <sup>1</sup>[Director of Petroleum] shall nevertheless be entitled at any time to make use of any information received from the Lessee for the purpose

<sup>1</sup> See foot-note 2, on page 51, *supra*.

[Under section 2.—Pakistan Petroleum (Production) Rules]

of preparing and publishing aggregated returns and general reports on the extent of oil prospecting or oil mining operations in Pakistan and for the purposes of any arbitration or litigation between the <sup>1</sup>[President] and the Lessee.

PART VIII.—THE <sup>1</sup>[PRESIDENT'S] COVENANTS

51. *For quiet enjoyment.*—The Lessee paying the rents and royalties hereby reserved and observing and performing the covenants and provisions herein contained and on his part to be observed and performed, shall and may peaceably and quietly hold and enjoy the rights and privileges hereby demised for and during the term hereby granted without any lawful interruption from or by the <sup>1</sup>[President] or any person rightfully claiming from or under him.

52. *Renewal.*—<sup>2</sup>[(1)] The Lessee having paid the several rents and royalties due and having observed and performed the terms and conditions herein contained may be granted on giving to the <sup>1</sup>[President] not less than twelve months previous notice in writing in that behalf not more than two years nor less than one year before the termination of the term hereby granted at the discretion of the <sup>1</sup>[President] a renewal of this Lease in respect of the whole of the said lands or any part thereof which complies with the Rules for the time being in force for a further term not exceeding thirty years from the expiration of the said term upon the terms and conditions contained in the Rules today in force subject to such modifications or exclusions and enhancement of rates for royalties and rents as the <sup>1</sup>[President] may in his discretion determine. <sup>3</sup>In case of any dispute about the grant of such a renewal, the matter shall be referred to arbitration in accordance with clause 67 hereof.]

(2) In this clause the expression “ rates of royalty ” includes yearly rents.

53. *Right of Lessee to determine Lease.*—Without prejudice to any obligation or liability imposed by or incurred under the terms and conditions hereof the Lessee may at any time during the term hereby granted or any renewal thereof determine this Lease by giving to the <sup>1</sup>[President] not less than twelve months previous notice in writing to that effect.

54. *Rights of Lessee to abandon portions of the said lands.*—Without prejudice to any obligation or liability imposed by or incurred under the terms and conditions hereof the Lessee shall be entitled to any time during the term hereby granted or any renewal thereof by giving <sup>4</sup>[three] months' notice in writing to the <sup>1</sup>[President] to surrender the rights granted by this Lease in respect of any part or parts of the said lands. Provided that the part of the said lands in respect of which the said rights are retained shall comply with the Rules for the time being in force as to the shape and size of areas in respect of which an oil mining lease may be granted.

<sup>1</sup> Subs., for “ Governor-General ” by Notfn. No. S.R.O. 1783 (K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918—20.

<sup>2</sup> Cl. 52 re-numbered as sub-clause (1) of that clause by Notfn. No. M(1)-3(19)/54, dated the 16th September, 1954, see Gaz. of P., 1954, Pt. I, pp. 238-39.

<sup>3</sup> Added *ibid.*

<sup>4</sup> Subs., for the word “ six ” by Notfn. No. M(I)-3(4)/55, dated the 3rd June, 1955, see Gaz. of P., 1955, Ext., p. 1121.

[Under section 2.—Pakistan Petroleum (Production) Rules]

PART IX.—GENERAL PROVISIONS

55. *Power to inspect plant records, accounts, etc.*—Any person or persons authorised by the <sup>1</sup>[Director of Petroleum] shall be entitled at all reasonable times to enter into and upon any land for the time being possessed or occupied by the Lessee in the said lands for the purposes hereinafter mentioned:—

- (a) to examine the boreholes, wells, plant, appliances, buildings and works made or executed by the Lessee in pursuance of this Lease and the state of repair and condition thereof; and
- (b) to inspect and check the accuracy of the weighing or measuring appliances, weights, measurements, logs, records, plans and maps which the Lessee is required to keep or make in accordance with the provisions of this Lease; and
- (c) to inspect and make abstracts or copies of any logs, records, plans, maps or accounts which the Lessee is required to keep or make in accordance with the provisions of this Lease; and
- (d) to inspect the samples of strata, petroleum or water which the Lessee is required to keep in accordance with the provisions of this Lease; and
- (e) to execute any works which the <sup>1</sup>[Director of Petroleum] may be entitled to execute in accordance with the provisions of this Lease.

56. *Unit development.*—If at any time during the term hereby granted or any renewal thereof the <sup>2</sup>[President] shall be satisfied that the said lands or any part thereof form part of a single geological petroleum structure or petroleum field (hereinafter referred to as “an oil field”) in respect of other parts of which other oil mining leases are then in force and the <sup>2</sup>[President] shall consider that it is in the interest of Pakistan in order to secure the maximum ultimate recovery of petroleum and to avoid unnecessary competitive drilling that the oil field should be worked and developed as a unit in co-operation by all the persons, including the Lessee, whose leases extend to or include any part thereof, the following provisions shall apply:

- (1) (a) The Lessee shall upon being so required by notice in writing by the <sup>2</sup>[President] co-operate with such other persons, being persons holding oil mining leases in respect of any part or parts of the oil field (hereinafter referred to as “the other Lessees”), as may be specified in the said notice in the preparation of a scheme (hereinafter referred to as “a development scheme”) for the working and development of the oil field as a unit by the Lessee and the other Lessees in co-operation, and shall, jointly with the other Lessees, submit such scheme for the approval of the <sup>2</sup>[President].
- (b) The said notice shall also contain a description by reference to a map of the area or areas in respect of which the <sup>2</sup>[President] requires a development scheme to be submitted and shall state the period within which such scheme is required to be submitted for approval by the <sup>2</sup>[President].
- (2) If a development scheme shall not be submitted to the <sup>2</sup>[President] within the period limited in that behalf by the said notice, or, if a development scheme submitted in pursuance of the foregoing provisions

<sup>1</sup> See foot-note 2, on page 51, *supra*.

<sup>2</sup> Subs., for “Governor-General” by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918—20.

[Under section 2.—Pakistan Petroleum (Production) Rules]

of this clause shall not be approved by the <sup>1</sup>[President], the <sup>1</sup>[President] shall himself prepare a development scheme which shall be fair and equitable to the Lessee and the other Lessees shall perform and observe all the terms and conditions thereof.

57. *In the event of state of emergency or war* <sup>1</sup>[President] to have right of pre-emption.—In the event of a state of national emergency or war (of the existence of which the <sup>1</sup>[President] shall be the sole judge).

- (1) The <sup>1</sup>[President] shall have the right of pre-emption of all crude oil gotten under this Lease and shall have the right to require the Lessee to the extent of any refinery capacity he may have in Pakistan in pursuance of clause 25 (2) (Refinery) of this Schedule to produce oil fuels that shall comply with the specification at the time prescribed by the <sup>2</sup>[Director of Petroleum] provided that the said crude oil be of a suitable kind and quality for this purpose.
- (2) The Lessee shall use his utmost endeavours to increase so far as reasonably possible with existing facilities the supply of oil and/or products thereof for the Government to the extent required by the <sup>1</sup>[President].
- (3) The Lessee shall with every reasonable expedition and so as to avoid demurrage on the vessel or vessels engaged to convey the same, do his utmost to deliver all oil or products of oil purchased by the <sup>1</sup>[President] under his said right of pre-emption in the quantities at the time and in the manner required by the <sup>1</sup>[President] at a convenient place of shipment or at a place of storage in Pakistan to be determined by the <sup>1</sup>[President] whether belonging to the Government or otherwise. In the event of a vessel employed to carry any such oil or products thereof on behalf of the <sup>1</sup>[President] being detained on demurrage at the port of loading, the Lessee shall pay the amount due for demurrage according to the terms of the charter party and/or the rates of loading previously agreed with the Lessee unless the delay is due to causes beyond the control of the Lessee.
- (4) The price to be paid for all oil or products of the refining or treatment of oil taken in pre-emption by the <sup>1</sup>[President] shall be either—
  - (a) as specified in a separate agreement, or
  - (b) if no such agreement shall have been entered into prior to the exercise of the right of pre-emption a fair price for the time being at the point of delivery as the same shall be settled by agreement between the <sup>1</sup>[President] and the Lessee or in default of such agreement by arbitration in manner provided by clause 67.

To assist in arriving at a fair price at the point of delivery the Lessee shall furnish for the confidential information of the <sup>1</sup>[President], if so required, particulars of the quantities, descriptions and prices of oil or products sold to other customers and of charters or contracts entered into for carriage and shall exhibit to the <sup>1</sup>[President] original or authenticated copies of contracts or charter parties entered into for the sale or carriage of such oil or products.

<sup>1</sup> Subs., for " Governor-General " by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918—20.

<sup>2</sup> See foot-note 2, on page 51, *supra*.

[Under section 2.—Pakistan Petroleum (Production) Rules]

- (5) The <sup>1</sup>[President] shall be at liberty to take control of the works plant and premises of the Lessee in Pakistan and in such event the Lessee shall conform to and obey all directions issued by the <sup>1</sup>[President] or on his behalf. Compensation shall be paid to the Lessee for any loss or damage that may be proved to have been sustained by the Lessee by reason of the exercise by the <sup>1</sup>[President] of the powers conferred by this sub-clause. Any such compensation shall be settled by agreement between the <sup>1</sup>[President] and the Lessee or, in default of agreement, by arbitration in the manner provided by clause 67.

58. *Internal requirements of Pakistan.*—The <sup>1</sup>[President] may at his discretion require the Lessee to meet the internal requirements of Pakistan to the satisfaction of the Government of Pakistan before exporting crude oil or any of its products to other countries and the Lessee shall comply with the instructions issued by the <sup>1</sup>[President] in this behalf.

59. *Association of Pakistan capital.*—The <sup>1</sup>[President] may subject to any law for the time being in force at his discretion require the Lessee to associate Pakistan capital to the extent of <sup>2</sup>[25] per cent. of all classes of capital and debentures issued by him from time to time and the Lessee shall comply with the instructions issued by the <sup>1</sup>[President] in this behalf.

60. *Employment of Nationals of Pakistan and their training.*—The Lessee shall be required to employ Pakistan Nationals in his organisation at all levels as follows :—

For the first 5 years of the lease	..	1/8th of the total number of employees.
For the next 5 years of lease	..	1/4 of the total number of employees.
For the next 5 years and thereafter	..	At least 1/2 of the total number of employees.

The number of Pakistan personnel to be trained by the Lessee will be determined in consultation with the <sup>3</sup>[Director of Petroleum].

61. *Power to execute works.*—If the Lessee shall at any time fail to perform the obligations arising under the terms and conditions of any of the undermentioned clauses of this Schedule:

- (a) clause 22 (Measurement of Petroleum obtained from the said lands) ;
- (b) clause 40 (Abandonment and plugging of boreholes) ;
- (c) clause 41 (Delivering up of productive boreholes and wells, etc., in good order) ;
- (d) clause 42 (Plugging of boreholes on determination of Lease etc.) ;
- (e) clause 43 (Health and safety of workers and employees) ;
- (f) clause 44 (Avoidance of harmful methods of working) ;
- (g) clause 45 (Provision of storage tanks, pipes, pipelines or other receptacles) ;

<sup>1</sup> Subs., for " Governor-General " by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918—20.

<sup>2</sup> Subs., for the figures "30" by Notfn. No. M(I)-3(19)/54, dated the 16th September, 1954, see Gaz. of P., 1954, Pt. I, pp. 238-39.

<sup>3</sup> See foot-note 2, on page 51, *supra*.

[Under section 2.—Pakistan Petroleum (Production) Rules]

- (h) clause 46 (Disposal of waste oil, salt water and refuse) then and in any such case the <sup>1</sup>[Director of Petroleum] shall be entitled after giving to the Lessee reasonable notice in writing of such his intention to execute any works which in the opinion of the <sup>1</sup>[Director of Petroleum] or his agents may be necessary to secure the performance of the said obligations or any of them and to recover the costs and expenses of so doing from the Lessee.

62. *Rights of distress.*—If and whenever any of the rents or royalties reserved by this Lease or any part thereof respectively shall be in arrear or unpaid for the space of two calendar months next after any of the days whereon the same ought to be paid (whether the same shall have been legally demanded or not) then and so often as the same may happen the <sup>1</sup>[Director of Petroleum] may (as an additional remedy and without prejudice to the power of distress and other the rights and remedies to which he would be entitled) enter into and upon any land which shall be for the time being so possessed or occupied by the Lessee for purposes of this Lease or the exercise of any of the rights thereby granted and may seize and distrain and sell as landlords may do for rent in arrear all or any of the stocks of petroleum and products hereof live and dead stock, engines, machinery, tools, implements, chattels and effects belonging to the Lessee which shall be found in or upon the land so entered upon and out of the moneys arising from the sale of such distress may retain and pay all the arrears of the said rents and royalties and also the costs and expenses incident to any such distress and sale rendering the surplus (if any) to the Lessee.

63. If, and whenever the rents and royalties reserved by this Lease or any part thereof shall be in arrear for the space of six calendar months next after any of the days whereon the same ought to have been paid or if there shall be any violation of the undertaking given in accordance with rule 4 (6) of Pakistan Petroleum (Production) Rules, 1949, or any breach or non-observance by the Lessee of any of the terms and conditions of this Lease or if the Lessee shall become bankrupt or make or enter into any arrangement or composition with his creditors or, if, where the Lessee is a company, a Receiver shall be appointed or the company shall enter into liquidation whether compulsory or voluntary (except a voluntary liquidation of a solvent company for the purpose of reconstruction) or if the Lessee shall fail to perform and observe the terms and conditions or any development scheme prepared in accordance with the provisions of clause 56 (Unit development) of this Schedule then and in any such case the <sup>2</sup>[President] may revoke this Lease and thereupon the same and all the rights hereby granted shall cease and determine but subject nevertheless and without prejudice to any obligation or liability imposed by or incurred under the terms and conditions of this Lease. Provided always that save as to the non-payment of rents or royalties the aforesaid power shall not be exercisable unless and until notice has been given to the Lessee specifying the particular breach complained of and if the breach is capable of remedy, requiring the Lessee to remedy the breach and, in any case, requiring the Lessee to make compensation in money for the breach, and the Lessee fails, within a period of three months thereafter, to remedy the breach if it is capable of remedy, and to make reasonable compensation in money, to the satisfaction of the <sup>2</sup>[President] for the breach.

<sup>1</sup> See foot-note 2, on page 51, *supra*.

<sup>2</sup> Subs., for "Governor-General" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see *Gaz. of P.*, 1960, Ext., pp. 1918—20.

[Under section 2.—Pakistan Petroleum (Production) Rules]

64. *Power of Lessee to remove plant, etc.*—Subject to the provisions of clause 41 (Delivering up of productive boreholes and wells, etc., in good order) of this Schedule the Lessee may, provided that all rents, royalties and other impositions payable by him by virtue of these presents have been paid and that all the covenants and conditions herein contained have been observed and performed, at any time or times within six calendar months after the determination of this Lease whether by effluxion of time or otherwise enter into and upon the said lands or any part thereof for the purpose of taking down, removing and disposing of, for his own use and benefit all or any of the buildings, works, railways, pipe-lines, machinery, utensils, implements, articles and things set up and used or employed by him in or about the said lands which the <sup>1</sup>[President] shall not have elected to purchase under the provisions of clause 65 (Power of <sup>1</sup>[President] to purchase plant, etc.,) of this Schedule (except buildings and erections of brick stone or concrete) making reasonable compensation for all damage done to the said lands by such removal.

65. *Power of President to purchase plant, etc.*—If at the expiration or sooner determination of this Lease the <sup>1</sup>[President] shall be desirous of purchasing all or any of the buildings, works, railways, pipe-lines, machinery, utensils, implements, articles or things constructed set up or used or employed by the Lessee in or about the said lands and shall signify such his desire by notice in writing to the Lessee six calendar months at least before the expiration of this Lease (or if this Lease shall be determined under the power of revocation hereinbefore contained at any time within three calendar months after the determination of this Lease) the Lessee shall sell to the <sup>1</sup>[President] the articles and things specified in such notice at a price which failing agreement shall be fixed by arbitration as provided in clause 67 (Arbitration) of this Schedule.

66. *Force majeure.*—(1) Failure on the part of the Lessee to fulfil any of the terms and conditions of this Lease shall not give the <sup>1</sup>[President] any claim against the Lessee or be deemed a breach of this Lease in so far as such failure arises from force majeure.

(2) In this clause the expression “force majeure” includes the act of God, war, insurrection, riot, civil commotion, tide, storm, tidal wave, flood, lightning, explosion, fire, earthquake and any other happening which the Lessee could not reasonably prevent or control.

67. *Arbitration.*—If at any time during the continuance of this Lease or after the determination thereof any question or dispute shall arise regarding this Lease or any matter or thing connected therewith or the powers duties or liabilities of the Lessee hereunder or the amount or payment of any rent or royalty then and in all such cases the matter in difference shall be referred to the Government of Pakistan in the appropriate Ministry whose decision will be final provided that any dispute as regards the right of the Lessee to an oil mining lease or cancellation of this deed for any violation of the undertaking in accordance with rule 4(6) of Pakistan Petroleum (Production) Rules, 1949, or any breach of its provisions or any dispute connected with the price of crude oil pre-empted by Government or price of plant purchased by <sup>1</sup>[President] at the expiration or sooner determination of this Lease or compensation payable to the Lessee in terms of sub-clause (5) of clause 57 or compensation payable to the Lessee on Government taking over all the rights of the Lessee under the mining lease <sup>2</sup>[or the renewal

<sup>1</sup> Subs., for “Governor-General” by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see Gaz. of P., 1960, Ext., pp. 1918–20.

<sup>2</sup> Ins. by Notfn. No. M(1)-3(19)/54, dated the 16th September, 1954, see Gaz. of P., 1954, Pt. I, pp. 238-39.



[Under section 2.—Pakistan Petroleum (Production) Rules]

of this Mining Lease] shall be determined by two arbitrators, one to be nominated by the <sup>1</sup>[President] and the other by the Lessee or in case of disagreement between the arbitrators by a judge of the <sup>2</sup>[Supreme Court] of Pakistan to be appointed as an umpire by the arbitrators in writing and the decision of such arbitrators or the judge of the <sup>2</sup>[Supreme Court] as umpire, as the case may be, shall be final.

68. *Marginal Notes.*—The Marginal Notes are for convenience only and do not form part of this Lease.

**The Schedule Marked "B" above Referred to**

**BOND IN RESPECT OF OIL MINING LEASE**

KNOW ALL MEN BY THESE PRESENTS THAT WE

\_\_\_\_\_ of \_\_\_\_\_  
and \_\_\_\_\_  
of \_\_\_\_\_  
are held and firmly bound to the <sup>1</sup>[President] of Pakistan and his Successors in the Office in the sum of \_\_\_\_\_ to be paid to the said <sup>1</sup>[President] for which payment to be well and truly made we bind ourselves and each of us our heirs, executors and administrators jointly and severally by these presents.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 19 .

WHEREAS by deed of even date herewith and made between \_\_\_\_\_ of the one part and the said \_\_\_\_\_ of the other part all or any petroleum lying or being within under or throughout these lands lying and being \_\_\_\_\_ and containing an area of \_\_\_\_\_ or thereabouts and delineated in the plan attached to the said Deed was demised unto the said \_\_\_\_\_ subject to the terms, conditions and covenants therein contained.

AND WHEREAS the said \_\_\_\_\_ hath agreed to become surety for the due performance by the said \_\_\_\_\_ of all and several the covenants matters and things under the said Deed to be by him performed and done.

NOW the condition of the above-written bond or obligation is such that if the said \_\_\_\_\_ shall well and truly observe and perform all and every the covenants, undertakings and agreements by him to be observed and performed as hereinbefore mentioned and shall in a proper and workmanlike manner do all and every the acts matters and things by him to be done under the said Deed to the satisfaction of the <sup>1</sup>[President] THEN the above-written bond or obligation shall be void otherwise the same shall remain in full force and effect.

[See *Gaz. of P., 1949, Ext., pp. 501—52*].

<sup>1</sup> Subs., for "Governor-General" by Notfn. No. S.R.O. 1783(K), dated the 24th December, 1960, see *Gaz. of P., 1960, Ext., pp. 1918—20*.

<sup>2</sup> Subs., for "Federal Court", *ibid.*

**LIST OF AGENTS IN PAKISTAN AND ABROAD FROM WHOM GOVERNMENT  
OF PAKISTAN PUBLICATIONS ARE AVAILABLE.**

**I.—INLAND**

**1. PROVINCIAL GOVERNMENT BOOK DEPOTS :—**

- Manager, Government Printing and Stationery Department, West Pakistan,  
Northern Area, Peshawar.  
Manager, West Pakistan Government Book Depot and Record Office,  
Karachi.  
Superintendent, Government Printing and Stationery, West Pakistan, Lahore.  
The Public Relation Officer, The East Pakistan Small & Cottage Industries  
Corporation, 66-Jinnah Avenue, P. O. Ramna, Dacca.  
Assistant Marketing Officer, National Small Industries Corporation, PR-1/29,  
Randal Road, Karachi. (For Publications on Small Industries only.)

**EAST PAKISTAN :—**

- Deputy Controller, Stationery, Forms and Publications, 9-Jinnah Avenue,  
Beauty House, P. O. Ramna, Dacca.

**PRIVATE BOOKSELLERS :—**

**Karachi :—**

- Aero Stores, 170-Napier Road.  
The Book Company of Karachi, Bahadur Shah Market, Mohan Road.  
Burhani Paper Mart, Campbell Street.  
Bibliographical Information Bureau and Reference Centre, C/o. P. O.  
Box No. 7205.  
Chamber of Commerce and Industry, P. M. A. Building, Nicol Road.  
P. O. Box No. 4158.  
Dacca Book Stall, Victoria Road, Saddar.  
Ferozsons, Bunder Road.  
Firdous Stationers, 85-Liaquat Market, Bunder Road.  
G. A. Stationery Mart, 21-New Memon Masjid, Bunder Road.  
Grenich Agencies, Elphinstone Street.  
Habib Stationery Emporium, 1-2, Liaquat Market, Bunder Road.  
The Karachi Chamber of Commerce and Industry, Wood Street.  
Mansoor Stationery Mart, Hassan Ali Effendi Road.  
Noonani Stationers, Kothari Building, Opp. Central Bank of India Ltd.,  
Napier Road.  
Pakistan Law House, Pakistan Chowk, Katchery Road.  
Pioneer Book House, 1-Avan Lodge, Bunder Road.  
Rashid-ur-Rahman & Co., 16, P. M. A. Building, Nicol Road.  
Shaheen Stationers, No. 19, New Memon Masjid, Bunder Road.  
Taher Book Depot, Tram Junction, Saddar.  
Taj Book Depot, Iddgah Maidan, Bunder Road.  
Windsor Book Stall, Elphinstone Street.

**EAST PAKISTAN :—**

**Dacca :—**

- Burhani Paper Mart, 11-Bangla Bazar.  
Book Syndicate, 157, Government New Market.  
Dacca Chamber of Commerce and Industry, 107, Kaliprashanna Ghosh  
Street.  
Dacca Law Report, Shanti Nagar, Ramna.  
Inkman and Company, 3-Syed Hassan Ali Lane, Islampur, P. O. Box  
No. 1022.  
Farco's Publications, 146, Nawabpur Road.  
Knowledge Home, 146-Government New Market.  
Mohiuddin & Sons, 143-New Market, Azimpur  
Millat Book Agency, Motijheel.  
Rehman Publishing Co., 8-Jinnah Avenue, Ramna.  
Warsi Book Centre, 162/163, Government New Market.

**Chittagong :—**

- C. S. Ltd., Chamoer Building, Quaid-e-Azam Road.  
Chittagong Chamber of Commerce and Industry, No. 2, Jehan Building,  
Quaid-e-Azam Road.  
Muslim Chamber of Commerce, News Front, 75-Jubilee Road.  
Pakistan Co-operative Book Society Ltd., Jubilee Road.  
Screen and Culture, Court Road.

**Mymensingh :—**  
Osmani and Co., Station Road.

**Narayanganj :—**  
Narayanganj Chamber of Commerce and Industry, P. O. Box No. 50.  
Quaid-e-Azam Road.

**Khulna :—**  
Abdul Qadir & Brothers, Old Jessore Road.  
Current Book Stall, Jessore Road.  
Khulna Chamber of Commerce and Industry.

**Saheb Bazar :—**  
Friends Stores, P. O. Ghoramara, Dist. Rajshahi.

**Sardah :—**  
Master Library, P. O. Sardah, Dist. Rajshahi.

**Chauadanga :—**  
Naya Jamana Library, P. O. Chauadanga, Dist. Kushtia.

**Kushtia :—**  
The News Agency, Kushtia Court.

**Patuakhali :—**  
The Alamgir Library and Sitara News Agency, P. O. Patuakhali Dist.  
Bakerganj.

**WEST PAKISTAN :—**

**Lahore :—**  
Ahsanul Haq Qureshi and Sons, Katchery Road.  
Ail Pakistan Legal Decisions, 35, Nabha Road.  
A. M. John and Co., P. O. Box No. 297, Katchery Road.  
Book Centre, 49-The Mall.  
Mansoor Book House, 2, Katchery Road.  
Mirza Book Agency, 65-The Mall.  
Nawa-i-Waqt Publications Ltd.  
**Premier Book House, 4/5, Katchery Road.**  
Technical and Commercial Book Co., Chowk Dalgaran.  
The Publishers United Ltd., 176, Anarkali.  
The Punjab Religious Book Society, Anarkali.

**Rawalpindi :—**  
The London Book Company.  
Victory Book Stores, Edwardes Road.

**Kharian Cantt. :—**  
The New Book Depot, Regd.

**Hyderabad :—**  
Educational Book Depot, School Road.  
The New Allies Stores, Jail Road, Near Tower.

**Multan City :—**  
The Multan Chamber of Commerce and Industry, Hussain Agahi, P. O. Box  
No. 90.  
Raja Traders, Delhi Gate.

**Quetta :—**  
Aligarh Book Stall, Mission Road.

**Chaman :—**  
Bashir Ahmed and Co. (Regd.)

**Lyalpur :—**  
Danishmand & Co., Karkhana Bazar.  
International Agency, Gujar Basti.  
Jilani Sons, Katchery Bazar.

**Sialkot City :—**  
Malik & Sons, Railway Road.

**Sukkur :—**  
The Ajaib Stores, Frere Road.  
N. M. Qureshi & Co., Shahi Bazar.

**Larkana :—**  
Mujahid Stationery Mart and Book Sellers, Bunder Road.

**II—FOREIGN.**

All Pakistan Missions Abroad.