

**SENATE OF PAKISTAN
HOUSE OF THE FEDERATION**

Report No. of 1 of 2019



**REPORT OF THE STANDING COMMITTEE ON PETROLEUM ON
POINT OF PUBLIC IMPORTANCE REGARDING SALE OF SHARES
BY M/S PREMIER OIL PAKISTAN HOLDING B.V., RAISED BY
SENATOR QURAT UL AIN MARRI 16TH NOVEMBER, 2018**

**PRESENTED BY
SENATOR MOHSIN AZIZ
CHAIRMAN**

SENATE SECRETARIAT

REPORT OF THE SENATE STANDING COMMITTEE ON PETROLEUM ON A POINT OF PUBLIC IMPORTANCE REGARDING SALE OF SHARES BY M/S PREMIER OIL PAKISTAN HOLDING B.V., RAISED BY SENATOR QURAT UL AIN MARRI 16TH NOVEMBER, 2018.

1, Senator Mohsin Aziz, Chairman Standing Committee on Petroleum have the honor to present on behalf of the Committee, this report on a point of public importance regarding sale of shares by M/s Premier Oil Pakistan Holding B.V., raised by Senator Qurat ul Ain Marri during the sitting of the Senate held on 16th November, 2018.

2. The composition of the Committee is as under:-

1.	Senator Mohsin Aziz	Chairman
2.	Senator Lt. Gen. (R) Salahuddin Tirmizi	Member
3.	Senator Saleem Zia	Member
4.	Senator Shamim Afridi	Member
5.	Senator Mir Kabeer Ahmad Muhammad Shahi	Member
6.	Senator Atta Ur Rehman	Member
7.	Senator Behramand Khan Tangi	Member
8.	Senator Qurat Ul Ain Marri	Member
9.	Senator Kauda Babar	Member
10.	Senator Taj Muhammad Afridi	Member
11.	Senator Dr. Jehanzeb Jamaldini	Member
12.	Senator Sardar Muhammad Yaqoob Khan Nasar	Member
13.	Senator Sardar Muhammad Shafiq Tareen	Member
14.	Minister for Energy (Petroleum Division)	Ex-officio Member

2. The Committee took up the issue in its meetings held on 19th November and 24th December, 2018.

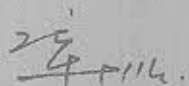
3. During the first meeting held on 19th November, 2018 the mover informed the Committee that majority area of operation of the company is situated in Sindh. The Company wants to sell all its share and leave. The DG, PC has issued an NOC to the company for sale of its share without any consultation with the Government of Sindh which is illegal. They should have taken the Government of Sindh on board before the issuance of NOC. Since the issue was conveyed to the Ministry the same day, therefore, they requested for time to present a report on the matter before the Committee.

4. During the second meeting held on 24th December, 2018, the Committee again took up the issue. The representative of the Petroleum Division informed the Committee that M/s Premier Oil Pakistan Holding B.V. (POPH B.V.) is a Dutch company incorporated in Hague, Netherlands. In April, 2017, it requested the Government for issuance of an NOC for sale of its entire share capital in the following three subsidiaries to M/s Al-Haj Energy Limited of UAE:

1. Premier Oil Pakistan Exploration Limited
2. Premier Oil Pakistan Kirthar B.V.
3. Premier Oil Pakistan Kadanwari Limited.

The Committee was informed that all PCAs and leases are held by the above mentioned three subsidiaries. It was also informed that during 2017-18, oil and gas production from above petroleum rights was 84.07 barrels per day and 38.58 MMCFD which is 0.09% and 0.97 % of the country's total oil and gas production respectively. They further informed that through the 18th Constitutional Amendment the Provinces have been declared as joint share owners with the Federation of the hydrocarbon deposits, subject to the existing arrangements and commitments. Since all leases of the subsidiaries of the said Company were granted before the 18th Constitutional Amendment, therefore, the Government of Sindh was not consulted before issuance of NOC to Premier Oil. They stated that the NOC was issued to the Company subject to the condition that the it will pay Rs. 808,095,600 as advance tax and also clear/deposit all outstanding financial obligations i.e. royalty, rent/indexed rent, social welfare, training etc., if any. The Committee was assured that all Provincial Governments will be consulted in all cases where petroleum rights have been granted after the 18th Constitutional Amendment. They further assured that all operations in the areas where the subsidiaries of the said company are functioning will be continued by the existing operators and there would be no adverse impact by the change of control from Premier Oil to Al-Haj Energy Ltd.

5. Although the Committee showed satisfaction on the briefing by the representatives of the Petroleum Division but opined that the relevant changes regarding consultation with provinces should have been incorporated in the existing agreements after the passage of 18th Constitutional amendment. The Committee was of the view that it is vital to take provinces on board in such matters. The Committee directed that the provinces should be consulted and their rights should be protected in such matters. After briefing and due deliberation, the Committee disposed off the matter.



(RAFIULLAH)
Secretary Committee



(SENATOR MOHSIN AZI)
Chairman Committee

Islamabad, the
4th January, 2019.