



PSO Clarification for Immediate Release:

Begins

PSO REFUTES HALF COOKED INAPPROPRIATE ALLEGATIONS RAISED BY DR. DANISH IN HIS TV PROGRAM

The largest Oil Marketing Company of the country, PSO refutes the information presented by Dr Danish in his TV program, Jawab Chahiye, at 92 News TV on 12 July 2018, as half cooked and with mala-fide intention to mislead the public.

PSO, in fact, is highly concerned about timing of the execution of the program and when PSO has been extending its fullest cooperation and repeatedly clarifying the facts. PSO will also look into the misappropriation of the facts as a deliberate attempt from the program team to make the matter controversial.

However, in order to keep the fact straight, PSO categorically refutes all the allegations leveled against the company and its management and states that:

"To again clarify the allegations levelled by the program host, PSO would like to only mention that the MD & CEO of PSO was hired following a competitive process as per policies and procedures with requisite approval of the Competent Authority. Hiring of the PSO MD & CEO was based on approval of the competent authority (Prime Minister) and with consent of the MoF, the Establishment Division and the MoE on summaries presented to the PM. It is important to note that the appointment of the Managing Director of Pakistan State Oil Company Limited (PSO) is prerogative of the Government of Pakistan and governed by the provisions of Section 6 of the Marketing of Petroleum Products (Federal Control) Act, 1974."

"The anchor thinks that LNG is a non-oil product hence does not fall under PSO's broader umbrella of businesses. This perception is incorrect in its absolute sense. The Marketing of Petroleum Products (Federal Control) Act, 1974 ("Act") does not impose any limitation on PSO to undertake LNG business. In addition, the Act does not specifically restrict PSO from entering into new businesses that are allowed by its Object Clause as under the Companies Ordinance, 1984 a company can undertake businesses for which it has the capacity in terms of the object clause of its Memorandum of Association (Object Clause). Even otherwise if the definition of petroleum products would be observed to restrict the term, PSO may not have been engaged in the business of other products like CNG, LPG, Petrochemicals and Lubricants.

"Program host has mentioned that the agreement on PSO website is not G to G and alleged that the agreement is between the Govt. of Pakistan and a private Qatar based organization, namely Ghanva. This allegation is totally baseless and a lie as the Long term LNG Sale Purchase Agreement is the version signed between Government nominated entities and presented to the Chairman Senate by the Prime Minister.

"Upon the ECC approval in July 2013 subsequently the Ministry of Power and Natural Resources (MoPNR) nominated PSO to negotiate with QatarGas on G to G basis for import of



LNG up to 500 mmcf/d on DES basis. . The Government of the State of Qatar also nominated QatarGas to negotiate the Long Term LNG Sale and Purchase Agreement and for this purpose, an Agreement in Cooperation in Energy Sector between the Government of the State of Qatar and the Government of Islamic Republic of Pakistan has been signed after the GOP approvals.

"The SPA also confirms G to G arrangement, the following is being reproduced from SPA for an immediate reference purpose:

"THIS LONG TERM LNG SALE AND PURCHASE AGREEMENT is made on 8 February 2016 BETWEEN:

(1) QATAR LIQUEFIED GAS COMPANY LIMITED (2), a joint stock company incorporated under the laws of the State of Qatar and whose registered office is at PO Box 22666, Doha, Qatar (the "Seller"); and

(2) PAKISTAN STATE OIL COMPANY LIMITED, a limited company organised and existing under the laws of Pakistan and whose registered office is at PSO House, Khayaban-e-Iqbal, Clifton, Karachi-75600, Pakistan (the "Buyer").

WHEREAS:

(A) The State of Qatar and the Islamic Republic of Pakistan ("Pakistan") have entered into an "Agreement in Cooperation in Energy Sector" (the "G to G Agreement") pursuant to which they wish to effect the long-term supply and purchase of LNG between their two countries to reduce the gas deficiency in Pakistan (the "Project");

(B) Pursuant to the G to G Agreement the Buyer and QatarGas Operating Company Limited ("QatarGas") have been designated by their respective Governments to implement the Project. The Buyer is under the direct control and supervision of the Government of Pakistan through the Marketing of Petroleum Products (Federal Control) Act 1974. Qatar Petroleum, the State of Qatar's national oil company, holds a majority shareholding and controlling interest in QatarGas;"

"The host has also tried to allege that the contract on PSO website is a fake document. This is frivolous statement and suggests that the program team has failed to balance their facts through a thorough research.

"In response to a question that in what capacity did MD PSO sign the agreement and that the agreement was signed with a Qatar based institution namely Ghanva, the company would state that there is no agreement executed between PSO and Ghanva, as alleged in the program. The ECC, in August 2014, constituted LNG Price Negotiation Committee (PNC) comprising of Secretary Petroleum (Chairman), Representatives of Finance Division, Water & Power and BOI not below the rank of Additional Secretary, Managing Director SNGPL, Managing Director SSGCL, Managing Director PSO and Managing Director ISGSL (Secretary Committee). PNC was supported by the international Legal and Commercial Consultants M/s. Watson Farley & Williams LLP (WFW) of UK and M/s. Facts Global Energy (FGE) of USA respectively.

"PNC after having held series of meetings with QatarGas finalized the price and key commercial terms of the Long Term LNG SPA with QatarGas. The PNC report along with salient features of the QatarGas SPA were presented to the ECC in its meeting held on 13 th January 2016 wherein ECC considered and accorded in principle approval of the recommendations made by PNC and also allowed PSO, as Buyer to execute the Long Term LNG SPA with QatarGas as Seller pursuant to Government to Government agreement as per due process."



PSO and its management reserves the right to take an appropriate legal action and challenge the proceedings discussed in the program at an appropriate forum.

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