

[TO BE INTRODUCED IN THE NATIONAL ASSEMBLY]

A

Bill

*to provide for the establishment of Pakistan Petroleum Upstream Regulatory Authority*

WHEREAS it is expedient to provide for the establishment of Pakistan Petroleum Upstream Regulatory Authority, and to regulate the petroleum prospecting, exploration, development and production activities in Pakistan including its territorial waters and Exclusive Economic Zone as defined in the Territorial Waters and Maritime Zone Act, 1976 (LXXXII of 1976), as amended from time to time and matters connected therewith and incidental thereto.

It is hereby enacted as follows: -

**CHAPTER I  
GENERAL**

**1. Short title, extent and commencement.**— (1) This Act shall be called the Pakistan Petroleum Upstream Regulatory Authority Act, 2021.

(2) It extends to the whole of Pakistan including its territorial waters and Exclusive Economic Zone, as defined in the Territorial Waters and Maritime Zone Act, 1976 (LXXXII of 1976).

(3) It shall come into force at once.

**2. Definitions.**— (1) In this Act, unless there is anything repugnant in the subject or context,—

- (a) "Authority" means the Pakistan Petroleum Upstream Regulatory Authority established under section 3;
- (b) "budget committee" means a committee constituted under section 16;
- (c) "Chairman" means the Chairman of the Authority appointed under section 3;
- (d) "Chief Inspector" means the Chief Inspector of Mines, appointed by the Government under The Mines Act, 1923 (IV of 1923) in relation to mines of oil and gas fields;
- (e) "Company" means a body corporate and includes a company formed and registered under Companies Act 2017 or other association of individuals;
- (f) "Council" means the Council of Common Interests established under Article 153 of the Constitution of Islamic Republic of Pakistan, 1973;
- (g) "DGPC" means Directorate General of Petroleum Concessions established by Petroleum Division;
- (h) "Government" means the Federal Government;
- (i) "lease" means the Oil Mining Lease or the Development and Production Lease, as the case may be, granted under the provisions of the petroleum rules;
- (j) "lessee" means a holder of a lease;

- (k) "licence" means the licence issued under the provisions of the Regulation of Mines and Oilfields and Mineral Development (Government Control) Act, 1948 (XXIV of 1948);
- (l) "licensee" means holder of a licence;
- (m) "Member" means a member of the Authority appointed under section 3;
- (n) "PCA" means the Petroleum Concession Agreement executed between the President of the Islamic Republic of Pakistan and the holder of petroleum rights;
- (o) "Permit" means reconnaissance permit granted under the provisions of the Regulation of Mines and Oilfields and Mineral Development (Government Control) Act, 1948 (XXIV of 1948);
- (p) "petroleum" means all liquid and gaseous hydrocarbons existing in their natural condition in the strata, as well as all substances including Sulphur, produced in association with such hydrocarbons, but does not include basic sediments and water;
- (q) "petroleum right" means a permit, license or lease granted under the Regulation of Mines and Oilfields and Mineral Development (Government Control) Act, 1948 (XXIV of 1948);
- (r) "petroleum rules" means the rules made under Regulation of Mines and Oilfields and Mineral Development (Government Control) Act, 1948 (XXIV of 1948) which include Pakistan Petroleum (Production) Rules, 1949, The Pakistan Petroleum (Exploration and Production) Rules, 1986, The Pakistan Petroleum (Exploration and Production) Rules, 2001, The Pakistan Offshore Petroleum (Exploration and Production) Rules, 2003, The Pakistan Onshore Petroleum (Exploration and Production) Rules, 2009, and The Pakistan Onshore Petroleum (Exploration and Production) Rules, 2013;
- (s) "prescribed" means prescribed by rules made under this Act;
- (t) "PSA" means the Production Sharing Agreement;
- (u) "Regulations" means regulations made under this Act;
- (v) "Rules" means rules made under this Act;
- (w) "safety regulations" means Oil and Gas (Safety in Drilling and Production) Regulations, 1974 made under The Mines Act, 1923 (IV of 1923);
- (x) "schedule" means a schedule to this Act; and
- (y) "upstream activities" shall mean petroleum prospecting, exploration, development, production and/or any other related activities.
- (2) The words and expressions used and not defined in this Act but defined in Regulations of Mines and Oilfields and Mineral Development (Government Control) Act, 1948 shall have the same meaning assigned to them.

## CHAPTER II

### ESTABLISHMENT OF THE AUTHORITY

**3. Establishment of the Authority.**— (1) the Government, by notification in the official Gazette, shall establish Pakistan Petroleum Upstream Regulatory Authority.

(2) The Authority shall be a body corporate, having perpetual succession and a common seal, with power and function to enter into contracts, acquire, hold and dispose of property, both movable and immovable, and shall by its own name sue and be sued.

(3) The Headquarters of the Authority shall be in Islamabad and with the prior approval of the Government, set as many offices all over the country as, when and where required.

(4) For the purposes of smooth transition of the functions and powers of the Authority,—

(a) the Government may, by notification in the official Gazette, provide that until the Authority is fully operational with its Chairman, members and the officers appointed under this Act. DGPC shall continue to exercise the powers and functions of the Authority till such time; and

(b) the technical officers of DGPC, Petroleum Division of the Ministry of Energy shall be given one-time option to join the Authority while protecting their terms and conditions of service including pay, grade and seniority.

(5) The Authority shall consist of a Chairman and following four members, who shall be appointed by the Government, on the recommendations of the respective Provincial Government, on rotation basis:

- (a) Member Exploration;
- (b) Member Production;
- (c) Member Strategy and Finance; and
- (d) Member Legal and Compliance.

(6) Each Provincial Government shall have the preference, in alphabetical order, for nominations of one of the member of the Authority for the first term in office and shall send at least three names of persons, who meet the qualifying criteria laid down under this Act and the Government shall appoint one as the member of the Authority. The nomination of the member of the Authority by the Provincial Governments for second term and onwards shall be on rotation basis in alphabetical order. In case of re-appointment of an existing member for another term, on the recommendations of the respective Provincial Government, this rotation shall not apply.

(7) The Government shall appoint a Chairman of the Authority on such terms and conditions as may be prescribed by the rules. The process for the appointment of a member or the Chairman, as the case may be, shall be initiated by the Authority within one hundred and twenty days prior to the expiry of the term of the member or the Chairman.