

No. DGPC-3(17)2014
Government of Pakistan
Ministry of Petroleum & Natural Resources
(Directorate General of Petroleum Concessions)
1019-A, Pak Plaza, Blue Area

Islamabad, the 22nd July, 2014

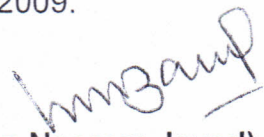
- 1 The President,
United Energy Pakistan Limited
3rd Floor, Bahria Complex 1, 24
M.T.Khan Road, Karachi.
- 2 The Managing Director,
Oil & Gas Development Company Ltd.,
OGDCL House, Jinnah Avenue,
Blue Area, Islamabad.
- 3 The Managing Director
Eni Pakistan Ltd.
The Forum, G-20, Block 9,
Khayaban-e-Jami, Clifton, Karachi.
- 4 The Country Manger
NIKO Resources Pakistan Limited
19, Faqir Aipee Road, Sector I-11/3
Islamabad
- 5 The Chief Executive
Petroleum Exploration (Pvt) Ltd.
20, Margalla Road, F-8/3, Islamabad.

SUBJECT: Revised Guidelines for Utilization of Marine Research Fee.

The Marine Research Fee guidelines have been revised/amended to ensure that the funds generated through Marine Research Fee are utilized on the welfare schemes for the benefit of people living in the costal area, in a fair and transparent manner. A copy of the revised guidelines dated 2-7-2014 is enclosed.

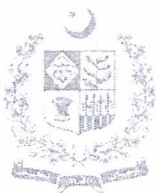
2. It is requested to implement these guidelines in true letter and spirit to ensure utilization of funds on schemes in the specified area of interaction.

3. This supersedes previous guidelines notified on 14-4-2009.


(Mian Nasrem Javed)
Director (ICS/SW)
Tele: 9202902

Copy to:

- ✓ 1. The Secretary, Energy Department, Government of Sindh, Karachi.
2. Chairman, PPEPCA, House No.1, Street 49, Sector F-6/4, Islamabad
3. National Institute of Oceanography, St 47, Block 1, Clifton, Karachi.
4. Marine Biology Department (Center of Excellence in Marine Biology-CEMB),
University of Karachi.
5. The Deputy Commissioner, Sujawal, Thatta and Karachi.



Annex III

No. DGPC-3(17)/2014
Government of Pakistan
Ministry of Petroleum & Natural Resources

Islamabad the 2nd July 2014

REVISED GUIDELINES FOR MARINE RESEARCH FEE

The Ministry of Petroleum & Natural Resources, Government of Pakistan has been pleased to issue the following Revised Guidelines for utilization of Marine Research Fee in and around the licence/lease areas in a fair and transparent manner:-

1. The funds shall be spent in a transparent manner around the respective offshore areas through committee called Petroleum Marine Development Committee (PMDC) consisting of following members:-

MNA (s) of the area where offshore block falls	Chairman
Other MNA(s) including MNA(s) on the reserved seats	Member
MPA (s) of the area	Member
District coordination Officer (DCO)	Secretary
E&P Company (Two representatives)	Vice Chairman and a Member
Representative of DGPC (Regulator)	Member
Representative of National Institute of Oceanography (NIO)	Member
Representative of Marine Biology (CEMB), University of Karachi	Member

2. A quorum shall include secretary, Vice Chairman and minimum 51% participation of the members.
3. The Marine Research Fee under PSA should be spent on Marine research and Coastal area development activities around the respective area i.e nearest coastal populated area towards the passing latitude line from concession area. Out of the total fee 75% will be expensed on coastal area development and 25% for marine research.
4. The expenditure for coastal area and marine research will include, but not limited to the following:
 - i) Support Marine Research Institute to enhance its capacity for undertaking marine biodiversity and environmental projects.
 - ii) Support research scholars (M.Phil./ Ph.D.) for pursuing degree levels studies in Marine biology.

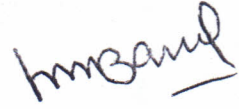
- iii) Support marine research institutions for collecting data on Marine Mammal, coral diversity and related fauna, characterization of sediments in different habitats etc.
 - iv) Support EPA for developing National Environmental Standards for off shore concession areas.
 - v) Support Environmental conservation projects like Conservation of Marine Turtles, Conservation of Pakistan's Cetacean Biodiversity projects, Conservation of Mangroves etc. etc.
 - vi) The obligation should also be spent on the Social welfare for alleviating poverty in Pakistan's coastal communities by initiating some "sustainable Coastal Livelihoods Projects" aimed at enhancing livelihoods through sustainable natural resources focusing on sustainable management of Mangroves Ecosystem and of fisheries resources.
 - vii) Other initiatives on education, health and improvement of infrastructure in fishermen community towns around the area can be undertaken.
 - viii) The schemes relating to local government will be handed over to the Local Government and the schemes relating to marine institutes after completion, who will be responsible for its recurring cost.
5. The PMDC will ensure transparency and participation of locals in preparation, evaluation and implementation of schemes. The Committee besides taking other steps, will ensure that :-
- i) the marine research obligations of E&P Companies are fulfilled;
 - ii) proposed schemes receive due publicity and inputs from the final recipients and beneficiaries or their representatives;
 - iii) evaluate progress and completion of welfare schemes;
 - iv) have public hearings for receiving local level inputs in respect of selection, completion etc. of welfare schemes.
6. Once every sixth months, the DCO/DC shall effect the publication of a notice online and in the most widely-read newspaper in the district, announcing a public hearing to solicit any comments or reservations that the inhabitants of the district in general, and the purported direct beneficiaries of the scheme in particular, may have with regard to the schemes completed, initiated, or ongoing during the preceding six months. A list of all such schemes shall be included in the public notice along with their location, budget and current status.

7. Such notices for public hearings shall be sent to all district level trade organizations, chambers of commerce, Bar Associations and other prominent organizations and social welfare organizations. Notices shall also be sent to the provincial ombudsmen. Such public notices of the public hearings shall also be promptly placed on the website of the district government.
8. A report in respect of completed schemes shall be sent by the provincial governments to the Federal and Provincial Ombudsmen and to the Human Rights Cell of the Supreme Court of Pakistan.
9. The PMDC shall approve the project (s) as per these guidelines and ensure release of funds for timely completion/ownership of the project(s). All schemes which have been identified and approved by the PMDC would be implemented by the DCO as an executing agency. The funds to be expended in execution of such schemes shall be utilized strictly in accordance with the rules, procedures and instructions notified by the Government from time to time applicable to the schemes implemented from public funds. Once the scheme(s) is/are approved by the PMDC, the PMDC will only have a role of periodic review of the scheme(s) which is/are under implementation and it will have no role whatsoever in the utilization of funds expended for the purposes of implementation of the scheme(s).
10. The committee will hold at least one quarterly meeting to discuss and agree on the projects and other relevant matter. The committee will meet in the third quarter of each financial year to agree upon the subsequent year's Program. Notice of meeting shall be sent by Secretary to Chairman/ members no later than 15 days before the schedule date.
11. The Secretary of the PMDC will submit annual Program for spending marine fee to Director General Petroleum Concession (DGPC), MoPNR, Islamabad and respective Provincial Government for information by 31st March of each calendar year.
12. Secretary of the PMDC will open and administer joint bank account with the title PMDC to be operated by District Coordination Officer and Executive District Officer (EDO- F&P) in order to finance the project (s) identified by the PMDC. In the absence of DCO / EDO their official designee will be alternate signatory. DCO office will be responsible for the maintenance of books of accounts, verification of invoices and other relevant records, including the minutes of the meeting.
13. All those off shore E&P companies who are obligated to pay marine fee, will deposit the marine fee in Account of the Secretary (DCO) of PMDC in consultation with the DGPC, in a separate account to be opened for the purpose.
14. The Marine Fee proceed already deposited with the Federal Government, would require to be retrieved from the Federal Treasury for utilization. In such cases the concerned Provincial/District Government would send annually scheme(s)/proposal(s) to M/o Petroleum & Natural Resources (MoPNR) equal to the amount of marine fee

- deposited by the E&P Companies. The MoPNR will move such cases to Finance Division for release of funds against yearly grants of MoPNR in favour of respective Provincial/ District Government.
15. In case marine fee relates to the area, the boundaries of which lies in more than one Province, the Marine Fee amount will be paid to the Provinces in ratio of area located in each province. The information relating to the area will be provided by the Director General Petroleum Concessions.
 16. These schemes will have to be executed through third parties. These may be some Government organizations like universities, EPA etc. or through well known NGO (s) or independent bodies. The selected organization will be required to:
 - a. Provide Directorate General of Petroleum Concessions (DGPC), M/o Petroleum & N.R., and E&P company a completion certificate upon execution of any scheme with the endorsement of DCO concerned.
 - b. Executor will ensure transparency if part of the work has to be sublet or in case of purchase of material. Governments approved procedures will be followed if the executor is any of the Government department and in case of NGOs / independent body etc., their own procedures will have to be followed.
 - c. Executor will be responsible to submit audit report from Chartered Accountant firm for the utilization of funds.
 17. The E &P Companies shall submit half yearly reports to the concerned DCOs/DCs, Provincial Governments and DGPC in respect of all licences/leases on their marine research fee obligations towards the local community, including among other things, the locations, budgets and status of schemes completed, ongoing, or initiated during those six months, by end January and end July each year. The district and provincial governments shall exhibit the reports on their websites for information of general public.
 18. An annual progress report regarding Petroleum Marine Development undertaken during calendar year shall be prepared by the respective DCO in consultation with the PMDC. This report along-with completion certificate and audit reports shall be provided to the MoPNR and respective Provincial Government by the concerned DCOs/DCs by end January each year.
 19. MoPNR may revise the modalities/Committee Structure as deemed appropriate from time to time.

20.

In case of District Government dispute on spending of Marine research fee, the decision of the Provincial Government shall prevail.



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