

COMPARISON / DETAILS OF SOCIAL WELFARE OBLIGATIONS

S.No	Agenda	Social Welfare Funds	Royalty	Production Bonus
1.	Framing by & period of Guide Lines	Guide lines by DGPC 22-Feb-2017 – attached at Annex-A	Guide lines by Government of KP Finance Department 02-Jan-2014 – attached at Annex-B further supplemented by Energy & Power Department of Government of Khyber Pakhtunkhwa Notification No.CPO/E&P/TOG/Cabinet/2018-19/66/77 dated 14-02-2019 (Annex-D)	Guide lines by Energy and Power Department KP Government 04-Sep-2013 – attached at Annex-C further supplemented by Energy & Power Department of Government of Khyber Pakhtunkhwa Notification No. CPO/E&P/TOG/Cabinet/2018-19/66/77 dated 14-02-2019 (Annex-D)
2.	Area of utility	<p>a. Prepared by E&P Companies in consultation with the Local Administration.</p> <p>b. Health, education, water supply and drainage. Cash donations and supplies of material / medicines shall be discouraged.</p>	<p>a. Funds to the tune of 10 % of Royalty on oil and gas to be utilized in the respective Districts (where well heads are located) shall be reflected in the Provincial ADP over and above their respective ADP as well as District Development Funds.</p> <p>b. Electricity, Supply of Gas, Education, Technical Education, Water Supply Schemes, Roads, Health Facilities and Construction of Small Dams & Purchase of land for higher educational Institutions.</p>	<p>a. Prepared by E&P Companies in consultation with the Local Administration</p> <p>b. Electricity, Supply of Gas, Education, Technical Education, Water Supply Schemes, Roads, Health Facilities and Construction of Small Dams etc.</p> <p>c. Minimum size of Scheme – Rs. 1.5 Million in and Around Contract Area.</p>
3.	Endorsement Committee	<p>a.MNA of the concerned Constituency as Chairman.</p> <p>b.MPA of the concerned Constituency as Member.</p> <p>c.DCO/DC of the District as Member/Secretary.</p> <p>d.E&P Companies as Member.</p>	<p>a. There should be one Committee for each District, where Oil or Gas is produced, to administer the utilization of both Production Bonuses payable by the E&P Companies and 10% Royalty received from the Federal Government.</p> <p>b. The District Nazim and Deputy Secretary Energy & Power Department will be member of both PSDC / 10% Royalty utilization Committee.</p> <p>c. Tehsil Nazim of the Tehsils where oil or gas are produced are to be members of the</p>	<p>a. There should be one Committee for each District, where Oil or Gas is produced, to administer the utilization of both Production Bonuses payable by the E&P Companies and 10% Royalty received from the Federal Government.</p> <p>b. The District Nazim and Deputy Secretary Energy & Power Department will be member of both PSDC / 10% Royalty utilization Committee.</p> <p>c. Tehsil Nazim of the Tehsils where oil or gas are produced are to be members of the</p>

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		<p>e. District Nazim/ Chairman of the Member of the as Member.</p> <p>f. District Council Tehsil Nazim/ Chairman of the Tehsil Council as Member.</p> <p>g. Once every six 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</p>	<p>Petroleum Social Development Committee administering the utilization of Production Bonuses and the 50 % of the 10% Royalty payable by the E&P Companies and finally received by the Provincial Government.</p> <p>d. Member of National Assembly (MNA) concerned as Chairman PSDC will be replaced by Member of Provincial Assembly (MPA) as Chairman of the PSDC Committee/10% Royalty Utilization Committee to be nominated by the Chief Minister from amongst the MPA's of the District.</p> <p>e. Miscellaneous :-</p> <p>(1) The Village / Neighborhood Council Nazim would be member of the concerned PSDC Committee / 10 % Royalty only for consideration of the schemes of the concerned Village / Neighborhood Council</p> <p>(2) The Guide Lines for utilization of Production Bonuses and Royalties receivable from E&P Companies / Federal Government will remain the same except enhancing the limit of Rs 1 million set for schemes to be utilized from Production Bonuses to Rs 1.5 Million.</p> <p>(3) The Village Council and Neighborhood Council where oil or gas well head is located will have preference of 5 % more Royalty / Production Bonus over the</p>	<p>Petroleum Social Development Committee administering the utilization of Production Bonuses and the 50 % of the 10% Royalty payable by the E&P Companies and finally received by the Provincial Government.</p> <p>d. Member of National Assembly (MNA) concerned as Chairman PSDC will be replaced by Member of Provincial Assembly (MPA) as Chairman of the PSDC Committee/10% Royalty Utilization Committee to be nominated by the Chief Minister from amongst the MPA's of the District.</p> <p>e. Miscellaneous :-</p> <p>(1) The Village / Neighborhood Council Nazim would be member of the concerned PSDC Committee / 10 % Royalty only for consideration of the schemes of the concerned Village / Neighborhood Council</p> <p>(2) The Guide Lines for utilization of Production Bonuses and Royalties receivable from E&P Companies / Federal Government will remain the same except enhancing the limit of Rs 1 million set for schemes to be utilized from Production Bonuses to Rs 1.5 Million.</p> <p>(3) The Village Council and Neighborhood Council where oil or gas well head is located will have preference of 5 % more Royalty / Production Bonus over the</p>

COMPARISON / DETAILS OF SOCIAL WELFARE OBLIGATIONS

S.No	Agenda	Social Welfare Funds	Royalty	Production Bonus
		and current status. This shall be strictly monitored by the Provincial Governments.	village / Neighborhood Council in the same Tehsil / District.	village / Neighborhood Council in the same Tehsil / District.
4.	Rates	<p>a. Exploration Stage - 30,000/- US \$ per annum.</p> <p>b. Production Stage - BOE per day</p> <p>(1) Zone 0 & I</p> <p>(a) Less than 20000 - 50,000 US\$</p> <p>(b) 2000-5000 - 100,000 US \$</p> <p>(c) 5000 - 10,000 - 200,000 US \$</p> <p>(d) 10,000-50,000 - 400,000 US \$</p> <p>(e) More than 50,000 - 700,000 US\$</p> <p>(2) Zone II & III</p> <p>(a) Less than 20000 - 37,500 US\$</p> <p>(b) 2000-5000 - 75,000 US \$</p> <p>(c) 5000 - 10,000 - 150,000 US \$</p> <p>(d) 10,000-50,000 - 300,000 US \$</p> <p>(e) More than 50,000 - 525,000 US\$</p>	<p>a. 12.5 % Royalty received by Ministry of Finance from E&P Companies on account of Royalty of Oil and Gas.</p> <p>b. Out of this 12.5%, 2.5 % is retained by Ministry of Finance and rest complete amount rendered to Finance Department of the Province, who render 10 %, exclusively of the Royalty to the Oil and Gas producing Districts and rest is utilized as Province's ADP.</p>	<p>Production Stage - Cumulative Production from the area (MMBOE)</p> <p>a. On commencement of Commercial Production - 600,000/- US \$.</p> <p>b. 30 - 1,200,000/- US \$</p> <p>c. 60 - 2,00,000/- US \$</p> <p>d. 80 - 5,000,000/- US \$</p> <p>e. 100 - 7,000,000/- US \$</p>

KPOGCU/153-006/09/4/2014

(16) 12

Annex-A

to KN 10954
Dated 09-08-2014

NO. DGPC-CSR-3(17)/2017
Government of Pakistan
Ministry of Petroleum and Natural Resources
Directorate General of Petroleum Concessions
3rd Floor, Petroleum House, Sector G-5/2, Islamabad

Islamabad, the 22nd February, 2017

All E&P Companies,

Subject: GUIDELINES FOR UTILIZATION OF SOCIAL WELFARE FUNDS 2017.

Dear Sir,

The Social Welfare Guidelines have been revised/amended to ensure optimum utilization of Social Welfare Funds in fair and transparent manner on the welfare schemes of the people of the area. A copy of the "Guidelines for Utilization of Social Welfare Funds 2017" 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 02-07-2014.

Yours truly,

(Pirzada Shamsher Ali)
Accounts Officer (SW)
Ph: 051-9203085

Copy to:

✓ Chairman, PPEPCA, No. 119-A, Street No. 37, Sector F-10/1, Islamabad

- | | |
|--|-------------------|
| 2. The Secretary, Energy Department, Government of Sindh, Karachi. | Disseminate the |
| 3. The Secretary, Energy Department, Government of KPK, Peshawar. | Guidelines to all |
| 4. The Secretary, Energy Department, Government of Punjab, Lahore. | Concerned |
| 5. The Secretary, Energy Department, Govt of Balochistan, Quetta | DCs/DCOs. |

HOO Maj Aslam

Notik Ms Saeeda

Committee members:

Ahmad

Nasim

Rashid

Zahid

Annexure-IGuidelines for utilization of Social Welfare Funds 2017

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

1. The Social Welfare schemes shall be based on the requirement of Area, as mentioned in para-2, against the specified minimum financial obligations which will be identified and implemented by the following "Social Welfare Committee":

MNA(s) of the Concerned Constituency	Chairman*
MPA(s) of the concerned constituency	Member
DCO/DC of the district	Member / Secretary
E&P Companies	Member
District Nazim / Chairman of the District Council	Member
Tehsil Nazim / Chairman of the Tehsil Council	Member(s)
Nazim/Chairman of concerned Union Councils	Member(s)

* In case, Area of a Block falls in more than one constituency, the MNA of the Constituency having larger part of area will be the Chairman.

2. The area of interaction of such schemes shall be in the sectors of health, education, water supply, and drainage, and will only be confined to the areas under active exploration work at the exploration stage. The additional social welfare amount to be generated due to incremental production shall be calculated on the basis of production share of each D & P Lease. This amount shall be further distributed among the Tehsil/District concerned on the basis of the leave area, falling therein.


3. Cash donations will be strictly prohibited whereas supplies of material/medicines etc. will be through local dispensaries.
4. F&P companies will open a joint bank account with DCO/DCs concerned and will deposit the Social Welfare Contribution fund within one month of signing of PCA and subsequently by 31st of January each year. The interest accrued on the deposits will also be considered as part of the social welfare fund.
5. The social welfare schemes would be executed and monitored by the DCO/DC through relevant agency under intimation to the MNA and relevant Union Council.
6. The Chairman will take the following steps while considering, evaluating and implementing the schemes to ensure transparency:-
 - (i) The social welfare obligations of F&P Companies are timely 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.
7. 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. This shall be strictly monitored by the provincial governments.

8. 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 and provincial governments.
9. 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 on six monthly basis by end July and end January of each year.
10. In case due to topographical/habitat limitations the work cannot be carried out in a specific D&PL lease area, the company will obtain the approval of the regulatory authority (DGPC), after consulting the concerned Committees, to undertake the social welfare schemes in a locality which is adjacent/nearest to the area of activities of E & P Companies.
11. The plan covering the social welfare schemes, duly approved by the Committee for each calendar year will be submitted by the concerned DCO/DC as per prescribed format to DGPC by March 31 of that year for information only.
12. The DCO/DC shall submit bi-annual reports to the Provincial Governments and DGPC in respect of all licences/leases on their social welfare obligations towards the local community.
13. The DCO/DC shall submit including among other things, the locations, budgets and status of schemes completed, ongoing, or initiated during these six months, by end January and July each year. The district and provincial governments shall exhibit the reports on their websites for information of general public.
14. On completion of the work, a prescribed 'Completion Certificate' will be issued by the DCO/DC concerned within 30 days. Annual progress report of the previous

calendar year will also be forwarded by the DCO/DC to DGPC by March 31 of the following year alongwith a copy of completion certificate for information.

15. In case, a scheme has to be funded by more than one Operator, then DGPC will be consulted for final decision by the MNA.
16. Social welfare funds earmarked for a specific license /lease will neither be linked to the schemes of other license (s) / lease (s) nor used for schemes outside a specific license / lease without prior approval of the DGPC and concerned MNAs.
17. The DCO/DC will ensure transparency in award of social welfare contracts/works.
18. The E&P Companies will provide audit certificate annually from their statutory auditors that the due amount of social welfare obligation has been discharged by transferring to the joint account as per PCA and Social Welfare Guidelines.
19. The Auditor General of Pakistan will conduct annual audit of the accounts maintained by the concerned DCO/DC to ensure utilization of funds in a transparent and competitive manner.
20. The Ministry of Petroleum & N.R. / Federal Government can modify these guidelines as deemed appropriate from time to time.

[No. DGPC-CSR-3(17)/2017]


(Saeed Ullah Shah)
Director General (Petroleum Concessions)



Annex-B
GOVERNMENT OF KHYBER PAKHTUNKHWA
FINANCE DEPARTMENT

No. SO (DEV-IV)FD/4-3/2013-14/Guidelines.
Dated Peshawar the 2nd January 2014.

To

1. All the Administrative Secretaries in Khyber Pakhtunkhwa.
2. All the Deputy Commissioners in Khyber Pakhtunkhwa.

SUBJECT:-

GUIDELINES FOR THE RELEASE AND UTILIZATION OF FUNDS UNDER THE ADP SCHEMES NO.930 (80663) "PROJECTS TO BE FUNDED FROM TOBACCO DEVELOPMENT CESS, 931(80664) "BLOCK PROVISION FOR PROJECTS TO BE FUNDED FROM 10% NET HYDEL PROFIT & 932(80665) "BLOCK PROVISION FOR PROJECTS TO BE FUNDED FROM 10% OIL & GAS ROYALTY.

Dear Sir,

I am directed to refer to the subject noted above and to enclose herewith guidelines in r/o above mentioned ADP schemes duly approved by the Honorable Chief Minister Khyber Pakhtunkhwa.

2. It is therefore, requested that the guidelines may be followed strictly in letter and spirit while considering developmental sub-schemes under the above mentioned ADP schemes.

Yours faithfully

Encl:-as above.

Muhammad Sohail
MUHAMMAD SOHAIL
SECTION OFFICER (DEV-IV)

Endst: No: & date even.

Copy forwarded for information to :-

1. The PSO to Chief Minister Khyber Pakhtunkhwa.
2. The Deputy Secretaries (Dev:I & II) Finance Department Khyber Pakhtunkhwa.
3. The PSO to Senior Finance Minister Khyber Pakhtunkhwa.
4. The Section Officers (Dev:I, II & III) Finance Department Khyber Pakhtunkhwa.
5. The PS to Finance Secretary Khyber Pakhtunkhwa.
6. The PA to Addl: Finance Secretary (Dev:) Khyber Pakhtunkhwa.

DA
1) Pl. circulate to all the members of DDCs per Para VI.
2) Pl. ensure utilization of funds strictly as per Para 2 (I-IV) Pl. inform the ADAS of the Dist. The DDC (F&D) should ensure Para VIII.
3) Monthly Review meeting Pl. fix date.
27/1/14
N.C. 538/DC
27/1/14
SECTION OFFICER (DEV-IV)



22
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ANNEXURE-I

Subject: Guidelines for the release and utilization of funds under the ADP schemes No:930-80663- Projects to be funded from Tobacco Development Cess, No:931-80664-Block provision for projects to be funded from 10% Net Hydel Profit & No:932-80665-Block provision for projects to be funded from 10% of Oil & Gas Royalty.

- (I) Funds to be allocated to the districts/constituencies as per approved formula by the Provincial Government.
- (II) The share so allocated to the districts/ constituencies shall constitute the funds to be apportioned by the respective District Development Advisory Committees for recommendations of schemes in the following eligible sectors/ sub-sectors:-
- (1). Drinking water and supply schemes.
 - (2). Resurfacing and black topping of existing roads.
 - (3). Construction with black topping of new roads.
 - (4). Brick pavement/ PCC of streets.
 - (5). Construction of drains/ sewerage lines.
 - (6). Construction of garbage collection points/ structures.
 - (7). Lining of water courses/ channels.
 - (8). Construction of flood protection spurs/ walls.
 - (9). Construction of drinking water reservoirs.
 - (10). Construction of irrigation water reservoirs.
 - (11). Major repairs in Primary/Middle and High Schools.
 - (12). Provision of furniture (For class rooms) for Middle and High schools.
 - (13). Purchase of land for Eid-Gah/Janaza-Gah, Graveyard and other eligible Civic amenities.
 - (14). Provision of gas and electricity to Rural areas.
 - (15). Construction of Small Dams (Only from Oil & Gas Royalty).
 - (16). Purchase of land for higher educational institutions (Only from Oil & Gas Royalty).
 - (17). Schemes identified through Chief Minister's Directives.
- (III) The respective shares shall be circulated to the concerned Deputy Commissioner and be asked to process identification of schemes through DDAC and nomination of executing agency for projectizing their recommendations in the form of PC-I for approval.

- (IV) Preparation and submission of Project Documents/ DCEs/PC-I will be the responsibility of the concerned executing department identified by DDAC.
- (V) Once the schemes are identified by DDAC, the executing agency shall ensure preparation and submission of Project documents to the appropriate forum on priority basis.
- (VI) A District Development Committee with the following composition may be mandated to approve schemes at the District level:-

*District Development
Advisory Committee
Public Health Engineering*

- | | | |
|------|---|-------------|
| (a). | Deputy Commissioner | Chairperson |
| (b). | Chairman, DDAC | Member |
| (c). | District Officer (Planning) | Secretary |
| (d). | District Officer (Finance) | Member |
| (e). | Executive Engineer PHED | Member |
| (f). | District Officer of the concerned Department. | Member |
| (g). | District Officer of Executing Agency. | Member |
| (h). | Assistant Director LG&RD | Member |

- (VII) The cost of each project for N.H.P. fund and Tobacco Cess should not be less than Rs.100, 000 (Rupees one hundred thousands) and the schemes from Oil & Gas Royalty should not be less than Rs. One million (as per decision of the Cabinet in 45th meeting held on 07-03-2012), and the maximum size may be kept open in order to encourage bigger projects having more economic impacts.

- (VIII) Approving forum of the sub schemes under the subject schemes shall be DDC with approval ceiling of maximum Rs.40.000 million and for the projects more than Rs.40.000 million, approval forum will be the same as for other development schemes.

- (IX) Those scheme shall be implemented which are technically and financially feasible.
- (X) Technical sanction of the projects so approved shall be issued by the concerned Officer of the Executing Agency as per Delegation of Powers under the Rules.
- (XI) The project shall be executed through open tenders with completion of all codal formalities.

- (XII) The Deputy Commissioner of the concerned Districts may be designated as controlling officer for the schemes and authorized to accord Administrative Approval and concurrently release funds to respective executing agencies

for the approved projects. Finance Department will issue the authorization order of the Deputy Commissioner for the purpose.

(XIII) Proper documentation shall be ensured through District P&D Department as Secretariat for the sub project under the supervision of the Deputy Commissioner.

Imp (XIV) The Deputy Commissioner shall be responsible for conducting regular monthly review of implementation status and submission of reports to Planning & Development, and Finance Departments (Progress of utilization of Tobacco Cess schemes may also be reported to Excise and Taxation Department). Quarterly review shall be conducted at the level of Secretary, P&D Department as part of regular review.

(XV) In order to ensure transparency and accountability, Divisional Monitoring set up & District P&D Department shall be involved to ensure proper utilization of the funds.

(XVI) After completion, the concerned Department will take over the scheme for operation, maintenance and repair.



GOVERNMENT OF KHYBER PAKHTUNKHWA
FINANCE DEPARTMENT

Dated Peshawar the 24th March, 2012

NOTIFICATION

NO.BO(NFC-II)FD/2-2/2009/Vol-II In pursuance of the Provincial Cabinet

decision in its meeting held on 07th March, 2012, the Provincial Government has been pleased to notify the amended policy regarding 5% share of royalty on oil & gas receivable from the Federal Government in the Districts (for developmental activities) where well heads are located, already approved by the Provincial Cabinet in its earlier meeting held on 07/4/2009. Salient features of the policy are:-

- Minimum size of a scheme financed out of 5% share of Royalty on Oil & Gas will be Rs. 10,00,000/- (one million).
- 5% share of royalty on oil & gas will be utilized on Electricity, supply of Gas, Education, Technical Education, Water Supply Schemes, Roads, Health facilities, construction of small Dams, & Purchase of land for higher educational Institutions.
- 50% share of 5% Royalty on oil/gas will be utilized in oil & gas producing Tehsils, whereas balance 50% will be utilized in the remaining Tehsils of a District where well heads are located.
- Release/utilization of 5% share of royalty of oil and gas will be based on annual figures of commercial production viz-a-viz actual revenues received by the Provincial Government during the last financial year.
- To monitor & supervise the execution of schemes, a District level committee headed by the D.C.O. will be constituted. Respective MPAs will also be represented in the Committee.
- All schemes to be executed out of 5% share will require clearance of all competent forums on the same pattern as that of ADP schemes.

Seen
Missent
be sent to
C.O. K.

Please forward
it to
D.O. K.

AD/DA
for circulation to all
concerned officers
DC
17/4/12

2122
11/4/12

NO 242/DAO
17/4/12
P.T.O.

- 863
- 26
(22)
- g. Funds to the tune of 5% of royalty on oil and gas to be utilized in the respective districts (where well heads are located) shall be reflected in the Provincial ADP over and above their respective Provincial ADP as well as District Development Funds.
- h. Controlling Department for utilization of 5% share of Royalty on Oil and Gas in the respective Districts will be Local Government & Rural Development Department with P & D Department exercising its role of monitoring, review and approval.
- i. The amended policy approved by the Provincial Cabinet will be applicable from 2009-10 & onward.
- pe. 9.1
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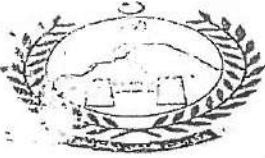
SECRETARY FINANCE

Endst: No. & Date even:

1. Secretary to Chief Minister, Khyber Pakhtunkhwa.
 2. Commissioner Kohat Division, Kohat.
 3. Secretary Energy & Power, Department, Khyber Pakhtunkhwa.
 4. Secretary, LG & RD Department, Khyber Pakhtunkhwa.
 5. Secretary P & D Department, Khyber Pakhtunkhwa.
 6. Secretary, Administration Department, Khyber Pakhtunkhwa.
 - ✓ 7. District Coordination Officers, Kohat, Karak & Hangu.
 8. PS to Chief Secretary, Khyber Pakhtunkhwa.
 9. PS to Minister for Finance, Khyber Pakhtunkhwa.
 10. PS to Finance Secretary, Khyber Pakhtunkhwa.
 11. SO (Dev-IV), Finance Department, Khyber Pakhtunkhwa.
 12. MPA's PK-37, 38 and 39 of District Kohat.
 13. MPA's PK-40, and 41 of District Karak.
 14. MPA's PK-42, and 43 of District Hangu.
5. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.

24/03/2012
(IHSANULLAH)
Budget Officer (NFC-II)
Ph. # 091-9212969
Fax. # 091-9210352

5. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.



GOVERNMENT OF KHYBER PAKHTUNKHWA
ENERGY & POWER DEPARTMENT

No. SO (P) E&P /1-58/2012
Dated Peshawar the, 04.09.2013

(27)

Annex-A

Annex-C

3859-65

Annex-C

to KN 10954 882
09-08-2019

To

1. The Commissioner,
Kohat Division,
Kohat.
2. The Deputy Commissioner,
Karak.

Subject: UTILIZATION OF PRODUCTION BONUS FUNDS-NASHPA BLOCK

Dear Sir,

I am directed to enclose herewith letter No.DCOK/2013/02 dated 25.06.2013 received from MNA Karak on the subject noted above and to state that Provincial Government of Khyber Pakhtunkhwa has formulated its own guidelines for the utilization of Production Bonus funds.

2. It is therefore requested to ensure the utilization of the Production Bonus funds according to the Provincial Government guidelines (copy enclosed).

Yours faithfully,

(Rukhsana Jabeen)
Section Officer (Energy)

Encl: As Above

Cc:

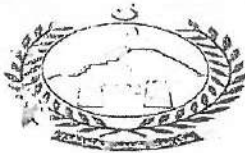
1. Mr. Nasir Khan Khattak, Member National Assembly, N.A. 15 Karak w/r to his above mentioned letter.
2. PS to Secretary Energy & Power Department.

Section Officer (Energy)

D.N.
07.08.13, as already
noted.

D.E./Cank
9/9/13

10/1386/10
9/9



(23)
Annex-23

**GOVERNMENT OF KHYBER PAKHTUNKHWA
ENERGY & POWER DEPARTMENT**

Subject: **GUIDELINES FOR UTILIZATION OF PRODUCTION BONUS
OBLIGATIONS OF THE EXPLORATION & PRODUCTION
COMPANIES:**

In exercise of powers conferred under sub clause -3 of 4.1.2 "Production Bonuses" of the Petroleum Exploration and Production Policy 2012, which is reproduced below:

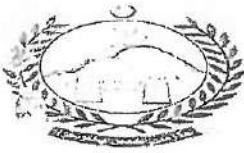
"It is intended that production bonuses will be expended on social welfare projects in and around the respective contract areas according to guidelines to be issued by the Provincial Government from time to time".

2. Salient features of the Guidelines are:-

- a. Minimum size of a scheme financed out of Production Bonus would be Rs. 1,000,000/- (Rupees One Million).
- b. Production Bonus amount will be utilized on Electricity, Supply of Gas, Education, Technical Education, Water Supply Schemes, Roads, Health Facilities and Construction of Small Dams etc.
- c. 50% share of Production Bonus will be utilized in oil & gas producing Tehsils, whereas balance 50% will be utilized in the remaining Tehsils of a District where well heads are located.
- d. The utilization of Production Bonus will be based on annual figures transferred by production companies.
- e. The composition of the Committee to utilize Production Bonus would be:

| | |
|---|--------------------------|
| MNA (s) (of the District)
(In case more than one MNA is available in the respective District's, the MNA of the constituency area from where maximum petroleum is produced) | Chairman |
| MPA (s) of District. | Member |
| Deputy Commissioner of the District | Secretary |
| E&P Company (Two representatives) | Vice Chairman and Member |
| Representative of concerned Department at the District | Member |
| Assistant Commissioner of concerned Tehsil | Member |
| Divisional Monitoring Officer (DMO) of Monitoring and Evaluation Directorate, P&D Department. | Member. |

- f. A quorum shall include Secretary, Vice Chairman (representative of E&P Company) and minimum 51% members. In case there is more than one producing field in a District, then each Company shall nominate 2 members and the position of Vice-Chairman shall be rotated amongst the companies on quarterly basis.
- g. Vice-Chairman of PSDC after consultation with the community shall identify, prepare and approve sustainable scheme (s) for the benefit of the

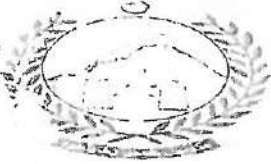


(24) (29)
Annex-D

**GOVERNMENT OF KHYBER PAKHTUNKHWA
ENERGY & POWER DEPARTMENT**

Community in and around the Area. The schemes shall be handed over to the concerned Department after completion, which will be responsible for its recurring cost. The sustainability of project and its recurring cost will be made available from share of 10%.

- h. To monitor & supervise the execution of schemes, a District level committee headed by the Deputy Commissioner will be constituted. Respective MPAs, Representatives of Finance Department, P&D Department, Local Government Department and Assistant Commissioner concerned will be members of the said Committee.
- i. The Committee will ensure that all relevant line departments of Provincial Government are mobilized to support the projects for timely completion and ownership.
- j. All schemes which have been identified and approved by the PSDC will be implemented by the Deputy Commissioner 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 the public funds. Once the scheme (s) is/are approved by the PSDC, the PSDC 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 schemes(s).
- k. The PSDC will hold at least one quarterly meeting to discuss and agree on the community projects for local area and other relevant matters.
- l. The Secretary of the PSDC shall submit the annual Petroleum Social Development Programme (PSDP) and the previous year's progress to Energy & Power Department and Planning & Development Department by 31st January of each calendar year.
- m. Secretary of the PSDC will open and administer a joint bank account (the Account) with the title "Petroleum Social Development Fund (PSDF)", to be operated by Deputy Commissioner and Vice Chairman for the purpose of funding projects identified by the PSDC through any Production Bonus payable by the E&P Company. All those producing E&P companies who are obligated to pay Production Bonus to the government for social welfare projects/infrastructure development in and around the respective contract Area will deposit the Production Bonus directly in Account of the Secretary (DC) in consultation with the Provincial Government, in a separate account to be opened for the purpose.
- n. Secretary of the PSDC will be responsible for the maintenance of books of accounts, verification of invoices and other relevant records, including the minutes of the meetings. Secretary of the Committee will also forward copy of the minutes to Finance, P&D, Local Government and Energy & Power Department.



(25) (30)

**GOVERNMENT OF KHYBER PAKHTUNKHWA
ENERGY & POWER DEPARTMENT**

- o. Upon receipt the Provincial Government will transfer the same amount to PSDF bank account of the respective District. In case Production Bonus payment relates to a lease, the boundaries of which lie in more than one districts, the Production Bonus amount will be paid to those Districts in ratio of the lease area located in each district.
- p. An annual progress report regarding Petroleum Social Development undertaken during financial years shall be prepared by the respective Deputy Commissioner in coordination with PSDC. This report shall be provided to the Provincial Government.
- q. The E&P Company will provide an annual audit certificate from its statutory external auditor confirming the amount deposited with the Provincial Government with respect to its Production Bonus obligation.
- r. Govt of Khyber Pakhtunkhwa may revise the modalities as deemed appropriate from time to time.
- s. In case of a Provincial/District Government dispute in the PSDC on spending of Production Bonus, the decision of the Chief Secretary, Provincial Government shall prevail.
- t. This supersedes all previous guidelines on the Production Bonus proceeds.



GOVERNMENT OF KHYBER PUKHTUNKHWA ENERGY & POWER DEPARTMENT

1st Floor, Block A, Wali Khan, Multiplex, Civil Secretariat, Peshawar
Tel: 091-9223625, Fax No: 091-9223624

Dated Peshawar, the 26/05/2017

NOTIFICATION

No.SOP/E&P/1-59/2016:- Competent Authority has been pleased to add the District Nazim/Tehsil Nazim of the respective Districts/Tehsils and Deputy Secretary of Energy and Power Department as members of Petroleum Social Development Committee (PSDC) at the end of Table in Section 2 (e) of the "Guidelines for Utilization of Production Bonus Obligations of the Exploration and Production Companies". This notification will stand extended to all other Districts on production of Oil & Gas.

Secretary
Govt. of Khyber Pakhtunkhwa
Energy & Power Department

Endst. of Even No. & Date:-

Copy forwarded to the:

1. MNAs of District Kohat, Karak and Hangu.
2. MPAs of District Kohat, Karak and Hangu.
3. District Nazims of Kohat, Karak and Hangu.
4. Tehsil Nazims concerned of District Kohat, Karak, and Hangu.
5. Commissioner Kohat Division.
6. Deputy Commissioners District Kohat, Karak, Hangu.
7. CEO, KPOGCL, Peshawar.
8. PS to Secretary Energy & Power Department, Khyber Pakhtunkhwa.

Mr. M.S. Alam

Mr. K. Saeed

Committee Member

Nazim

Kohat

Zia

AF-1

Section Officer (Energy)

Khyber Pakhtunkhwa
Oil & Gas Company Ltd

DN No. 9551-A

Date Received 1-June-2017

Time Received 11:20 AM

Received By



GOVERNMENT OF KHYBER PAKHTUNKHWA
ENERGY & POWER DEPARTMENT

1st Floor, Block-A, Abdul Wali Khan Multiplex, Civil Secretariat, Peshawar
Phone: 091-9223627-29 & 31, FAX: 091-9223624

No. CPO/E&P/TOG/Cabinet/2018-19/66/77

Dated: 14-02-2018

To,

- 1) The Deputy Commissioner, District Kohat
- 2) The Deputy Commissioner, District Karak
- 3) The Deputy Commissioner, District Hangu
- 4) The Deputy Commissioner, District Bannu
- 5) The Deputy Commissioner, District Lakki Marwat
- 6) THE Deputy Commissioner, District DI Khan
- 7) The Deputy Commissioner, District Tank

Subject: - NOTIFICATION

Dear Sir:

I am directed to refer the Notification of this department vide No: SO (E) E&P/4-5/2017/Vol-IV dated 31-01-2018 enclosed herewith.

2. It is requested to kindly share the enclosed Notification with all concerned MNAs, MPAs, District Nazim, Tehsil Nazim & Village/Neighborhood Council Nazim, please.

Yours faithfully,

(Signature)

Assistant Manager

Commissioner's Office
Kohat Division, Kohat:
Diary No. 1230
Dated: 14.2.18

CC:

- ✓ 1. The Commissioner Kohat Division.
2. The Commissioner Bannu Division.
3. The Commissioner DI Khan Division.
4. PS to Secretary Energy & Power Department, Government of Khyber Pakhtunkhwa.

✓ 14/2/18



ENERGY & POWER DEPARTMENT

Block-A, 1st Floor Abdul Wali Khan Multiplex Civil Secretariat
PHONE: - 091-9223631 Fax: 091-9223624

33

Dated Peshawar, the 31/01/2018

NOTIFICATION

No. SO (E) E&P/4-5/2017/Vol-IV: In pursuance of the verdict of the Peshawar High Court in its Judgment against writ Petition No. 703/B of 2016 dated 15/06/2017, the Provincial Cabinet is pleased to take following decisions in its meeting held on 25/01/2018.

- (i) There should be one Committee for each District, where Oil or Gas is produced, to administer the utilization of both Production Bonuses payable by the E&P Companies and 10% Royalty received from the Federal Government.
- (ii) The District Nazim and Deputy Secretary Energy & Power Department will be member of both PSDC / 10% Royalty utilization Committee.
- (iii) Tehsil Nazim of the Tehsils where oil or gas are produced are to be members of the Petroleum Social Development Committee administering the utilization of Production Bonuses and the 50 % of the 10% Royalty payable by the E&P companies, and finally received by the Provincial Government.
- (iv) Member of National Assembly (MNA) concerned as Chairman PSDC will be replaced by Member of Provincial Assembly (MPA) as Chairman of the PSDC Committee/10% Royalty Utilization Committee to be nominated by the Chief Minister from amongst the MPA's of the District.
- (v) (a) The Village / Neighborhood Council Nazim would be member of the concerned PSDC Committee/ 10% Royalty only for consideration of the schemes of the concerned Village / Neighborhood Council.

(b) The Guidelines for utilization of Production Bonuses and Royalties receivable from E&P Companies / Federal Government will remain the same except enhancing the limit of Rs. 1 million set for schemes to be utilized from Production Bonuses to Rs 1.5 Million



GOVERNMENT OF KHYBER PAKHTUNKHWA ENERGY & POWER DEPARTMENT

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- (c) The Village Council and Neighborhood Council where oil or gas well head is located will have preference of 5 % more Royalty / Production Bonus over the other Village / Neighborhood Council located in same Tehsil / District.

*Secretary to Govt. of Khyber Pakhtunkhwa
Energy & Power Department*

Copy forwarded to the:

1. PSO to Chief Minister, Khyber Pakhtunkhwa.
2. PSO to Chief Secretary, Khyber Pakhtunkhwa.
- ✓ 3. Concerned MNA's and MPAs.
4. Concerned Commissioners.
5. The Section officer (Cabinet) Establishment and Admn: Department.
6. PS to Secretary Energy & Power Department.

[Signature]
Section Officer (Establishment)