

Summary by ChatGPT

Pakistan's Tight Gas (Exploration & Production) Policy 2024 introduces several incentives aimed at boosting the exploration and production of tight gas reserves. Key aspects relevant to Oil & Gas Development Company Limited (OGDCL) include:

1. Gas Pricing Incentives:

- **Premium Pricing:** A 40% premium is added to the zonal price defined in the Petroleum (Exploration and Production) Policy 2012. This effectively sets the wellhead price for tight gas at approximately \$7.50 per MMBTU, considering technological complexities involved in extraction. [cite](#) [turn0search3](#)

2. Lease Terms and Renewals:

- **Extended Lease Duration:** Development and production leases for tight gas can last up to 30 years, aligning with the Field Development Plan (FDP). An additional 10-year renewal is possible, subject to government approval.

3. Royalty and Tax Benefits:

- **Royalty Rate:** A royalty of 12.5% of the petroleum's value at the field gate is applicable.
- **Tax Loss Carryforward:** Operating losses can be carried forward for up to 15 years, providing financial flexibility. [cite](#) [turn0search1](#)

4. Technology and Investment Encouragement:

- **Customs Duty Exemption:** To promote the use of advanced technology, machinery, and equipment in tight gas exploration, these are exempted from customs duties.

5. Production and Operational Flexibility:

- **Production Suspension:** Operators can suspend production for up to one year, provided they present technical and economic justifications.

6. Qualification and Certification:

- **Tight Gas Definition:** Specific criteria are outlined to classify gas as 'tight,' ensuring that only qualifying discoveries receive the associated incentives.

7. Government's Right of First Refusal:

- **Gas Sales:** With government approval, operators can sell gas to third parties within Pakistan at mutually agreed prices, ensuring these prices meet or exceed the policy's stipulated rates.

These policy measures are designed to attract investment and encourage technological advancements in tight gas exploration, benefiting companies like OGDCL involved in such projects.