MPCL

Mari Petroleum Company Limited

21 Mauve Area, 3rd Road, G-10/4, Islamabad-44000, Pakistan.
UAN: +92-51-111-410-410 Fax: +92-51-2352859 P.O. Box No.1614

www.mpcl.com.pk

NTN: 1414673-8
GST No. 07-01-2710-039-73

Thru Fax/Courier
MPCL/CS/CA-02/1693

The Managing Director
Karachi Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road,
KARACHI.

Fax No. 021-111-573-329

The General Manager
Lahore Stock Exchange Limited
Stock Exchange Building,
19-Khayaban-e-Aiwan-e-lqbal,
LAHORE.

Fax No. 042-3636-8485

The Managing Director
Islamabad Stock Exchange Limited
ISE Towers, 55-B, Jinnah Avenue, Blue Area,
ISLAMABAD.

Fax No. 051-111-473-329

Subject: **Disclosure of Material Information**

Dear Sir,

In compliance with Section 15D(1) of the Securities and Exchange Ordinance, 1969 and clause (xx) of the Code of Corporate Governance, we are enclosing herewith a Form disclosing information regarding ECC's Approval of the Proposal for Dismantling of Mari GPA.

You may please inform the Members of the Exchange, accordingly.

Assad Rabbani
Company Secretary
February 09, 2015

Copy to:

Director (Enforcement)
Securities and Exchange Commission of Pakistan
NIC Building, Jinnah Avenue, Blue Area, Islamabad

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DISCLOSURE FORM IN TERMS OF SECTION 15D(1) OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969

Name of Company:	Mari Petroleum Company Limited
Date of Report:	February 09, 2015
Name of Company as specified in its Memorandum:	Mari Petroleum Company Limited
Company's registered office:	21-Mauve Area, 3rd Road, Sector G-10/4, Islamabad.
Contact information:	Tel: (051) 111-410-410
Former Name of the Company:	Mari Gas Company Limited

Disclosure of Inside Information by Listed Company in Terms of Section 15D(1)

ECC's Decision Regarding Approval of the Proposal for Dismantling of Mari Wellhead Gas Pricing Agreement (Mari GPA)

Further to our letter dated November 12, 2014, whereby it was communicated that ECC has approved the proposal for dismantling of Mari GPA and its replacement with a market oriented formula. It was also communicated vide the said letter that further information will be provided in due course of time once ECC decision is formally received by the Company.

Today i.e. February 09, 2015 the Company has officially received the ECC's decision vide DG (Gas) letter dated February 07, 2015 (Saturday). DG (Gas) letter, containing the details of ECC's decision regarding dismantling of Mari GPA is enclosed for onward dissemination, please.

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Ordinance, 1969 (XVII of 1969), the Company has duly caused this form/statement to be signed on its behalf by the undersigned hereunto duly authorized.

For and on behalf of
Mari Petroleum Company Limited

Assad Rabbani
Company Secretary

No. DGO(AC)-5(50)/12
Government of Pakistan
Ministry of Petroleum and Natural Resources
****

Islamabad, the February 07, 2015

The Managing Director
Mari Petroleum Company Limited
21-Mauve Area, 3rd Road,
Sector G-10/4, Islamabad

Subject: **MARI WELLHEAD GAS PRICING AGREEMENT (MGPA)**

Dear Sir,

I am directed to state that the Economic Coordination Committee of the Cabinet, vide case No.ECC-153/24/2014 dated 12.11.2014 on the Summary dated 23.10.2014 submitted by the Ministry of Petroleum and Natural Resources on the above subject, has approved the following proposals contained in the summary:

(i) The present cost plus wellhead gas pricing formula to be replaced with a crude oil price linked formula in line with the formula allowed to PPL which provides a wellhead gas price of US$ 2.17 / MMBTU (at reference crude price of US$ 110/BBL) to be gradually achieved in 5 years starting from 01.07.2014. At the currently prevailing crude oil price of US$ 85 / BBL, the resultant wellhead price would be US$ 1.87 / MMBTU in the 5th year. An illustration of wellhead gas price calculations is given at Annex-1. The above formula gives an arithmetic average of US$ 1.84/MMBTU at RCP of US$ 110/BBL (US$ 1.59/MMBTU at RCP of US$ 85/BBL) over the period of ten years.

(ii) The Government will no more provide exploration funds of USD 40 million per annum being allowed presently. MPCL will be undertaking its exploration, appraisal and development activities within and outside Mari Field from its own generated resources including revenues from other fields and will bear all the risks associated therewith without any direct or indirect subsidy from government.

(iii) For next ten years, dividend distribution would continue to be in line with present formula and profits will be reinvested for exploration and development activities in Mari as well as outside Mari field.

(iv) The issue of subsidized gas pricing to fertilizer sector especially the price of US$ 0.70/MMBTU for 10 years to Fatima Fertilizer till June-2021 will be dealt with as per existing practice of cross subsidization without any involvement of any direct or indirect subsidy from GoP.

2. The above will however be subject to following conditions:

(i) Mari Petroleum Company Ltd shall declare a specie dividend in the form of non-voting, non-cumulative, redeemable preference shares amounting to Rs.9.67 billion. Profit rate on preference share capital would be linked with one year KIBOR rate prevailing on the last working day of each financial year plus 3%. The said preference shares shall be redeemed by Mari Petroleum in 10 years' time in the form of cash to the preference shareholders. However, in lieu of consideration for change in MGPA the major shareholders i.e. Oil and Gas Development Company Limited (OGDCL), National Investment Trust (NIT), National Bank of Pakistan (NBP), State Life Insurance Corporation (SLIC) and FaujiFoundation would surrender their right to receive the said dividend in favour of GoP in terms of Section 249(1) of the Companies Ordinance, 1984. The interest of the minority share holders shall be fully protected as redeemable preference shares will also be given to them.

(ii) Mari Petroleum will convert Rs0.92 billion, appearing as GoP investment for seismic unit, into preference shares in terms of Section 86 of the Companies Ordinance 1984.

(iii) Mari Petroleum will implement this scheme after obtaining requisite approvals from their shareholders, Securities and Exchange Commission of Pakistan and other regulatory bodies.

3. It is explained that the major shareholders i.e. Oil and Gas Development Company Limited (OGDCL), National Investment Trust (NIT), National Bank of Pakistan (NBP), State Life Insurance Corporation (SLIC) and FaujiFoundation would surrender their right to the preference shares as well as their right to receive the dividend on said preference shares in favour of GoPin lieu of consideration for change in MGPA. It is further explained that Rs 0.92 billion preference share, to be issued in favour of GoP against its investment for seismic unit, will also carry profit @ one year KIBOR prevailing on the last working day of each financial year plus 3%.

4. The company is advised to submit a revised gas pricing agreement (GPA) to incorporate the above framework.

5. The ECC of the Cabinet has also approved that till formal execution of GPA, OGRA will be advised to provisionally notify the wellhead gas price under the newpricing framework.

Yours sincerely,

Siddiqui 07/02/15

(Qazi Mohammad Saleem Siddiqui)
Director General (Gas)
Tele: 9203676

Copy to:
The Chairman
Oil and Gas Regulatory Authority
54-B, Fazal-e-Haq Road, Blue Area,
Islamabad

Annex-1

Illustration of proposed wellhead gas price computation

Slab US$/BBL	Range US$/BBL	Applicable %age of C&F Price	@ RCP $ 110/BBL Applicable US$/BBL	@ RCP $ 85/BBL Applicable US$/BBL
Up to 15	15	100%	15.00	15.00
15 – 20	5	50%	2.50	2.50
20 – 25	5	30%	1.50	1.50
Above 25	85 / 60	20%	17.00	12.00
Total	110 / 85		36.00	31.00
Zonal Indexation		67.50%	24.30	20.93
Conversion Factor		MMBTU/BBL	5.60	5.60
Marker Price		US$/MMBTU	4.34	3.74
Final Wellhead Price 50%		US$/MMBTU	2.17	1.87

Date	%age	@ RCP $ 110/BBL Wellhead Price US$/MMBTU	@ RCP $ 85/BBL Wellhead Price US$/MMBTU
01-Jul-2014	39.7%	0.86	0.74
01-Jan-2015	46.4%	1.01	0.87
01-Jul-2015	53.1%	1.15	0.99
01-Jan-2016	59.8%	1.30	1.12
01-Jul-2016	66.5%	1.44	1.24
01-Jan-2017	73.2%	1.59	1.37
01-Jul-2017	79.9%	1.73	1.49
01-Jan-2018	86.6%	1.88	1.62
01-Jul-2018	93.3%	2.02	1.74
01-Jan-2019	100.0%	2.17	1.87