## An Ordinance to establish an Oil and Gas Development Corporation.

### WHEREAS

It is expedient to provide for the establishment of a corporation for the purpose of exploration and development of oil and gas resources, and production, refining and sale of oil and gas, and for matters connected therewith;

### NOW, THEREFORE,

in pursuance of the Proclamation of the seventh day of October, 1958, and in exercise of all powers enabling him in that behalf, the President is pleased to make and promulgate the following Ordinance:

#### 1. Short title, extent and commencement

(1) This Ordinance may be called the Oil and Gas Development Corporation Ordinance, 1961.

(2) It extends to the whole of Pakistan.

(3) It shall come into force at once.

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### SCHEDULE

#### Section 1: Short title, extent and commencement

- **Short title, extent and commencement**
- **Definition**
- **Establishment and incorporation**
- **Management**
- **Board of Directors**
- **Chairman of the Board**
- **Managing Director**
- **Secretary of the Board**
- **Disqualifications of Directors**
- **Vacancies, etc., not to invalidate acts and proceedings of the Board**
- **Meetings of the Board**
- **Head Office**
- **Functions of the Corporation**
- **Powers of the Corporation**
- **Fund of the Corporation**
- **Investment of funds**
- **Borrowing of money**
- **Budget**
- **Accounts and audit**
- **Reports and returns**
- **Corporation to have certain rights, liabilities and obligations of the Central Government**
- **Formation of subsidiary companies**
- **Appointment of officers, advisers and servants**
- **Declaration of fidelity and secrecy**
- **Power to acquire land**
- **Power of entry**
- **Delegation of powers**
- **Directors, etc., deemed to be public servants**
- **Indemnity to the Corporation**
- **Power to make rules**
- **Power to make regulations**
- **Dissolution of the Corporation**
2. Definition. In this Ordinance, unless there is anything repugnant in the subject or context:—

(a) 'Board' means the Board of Directors of the Corporation;
(b) 'Chairman' means the Chairman of the Board;
(c) 'Corporation' means the Oil and Gas Development Corporation established under section 3;
(d) 'Director' means a Director of the Corporation;
(e) 'Fund' means the Fund referred to in section 14;
(f) 'gas' means all natural gas, including casing head gas and all hydrocarbons which are not oil;
(g) 'oil' means crude petroleum oil and all other hydrocarbons regardless of gravity, which are produced in liquid form by ordinary production methods, and includes condensate resulting from condensation of gas;
(h) 'prescribed' means prescribed by Rules made under this Ordinance;
(i) 'regulations' means regulations made under this Ordinance.

3. Establishment and incorporation. (1) As soon as may be after the commencement of this Ordinance, the Central Government shall establish a corporation to be called the Oil and Gas Development Corporation.
(2) The Corporation shall be a body corporate having perpetual succession and a common seal with power, subject to the provisions of this Ordinance, to acquire, hold and dispose of property, both movable and immovable, and shall be by the said name sue and be sued.

4. Management. (1) The general direction and superintendence of the affairs and business of the Corporation shall vest in a Board of Directors which, [* * * * * * *] may exercise all powers and do all acts and things which may be exercised or done by the Corporation.
(2) The Board shall set on commercial considerations having due regard to public interest generally.
(3) In discharging its functions, the Board shall be guided by such instructions on questions of policy as may be given to it from time to time by the Central Government, which shall be the sole judge as to whether any instructions are on a question of policy or not.
(4) If the Board fails to carry out any instructions given to it under sub-section (3), the Central Government may supersede the Board and appoint any person or body to function in its place until a new Board is constituted in accordance with the provisions of this Ordinance, and no such supersession or appointment shall be called in question in any court.

5. Board of Directors. (1) The Board of Directors of the Corporation shall consist of not less than three and not more than five Directors, one of whom shall be representative of the Ministry of Finance.
(2) The Directors shall be appointed by the Central Government, and shall hold office during the pleasure of the Central Government.
(3) Notwithstanding anything contained in this Ordinance, the Chairman or a Director may, at any time, after giving three months' notice in writing to the Central Government, resign his office, and may upon like notice given to him be removed from his office by the Central Government.

6. Chairman of the Board. (1) The Central Government shall appoint one of the Directors to be the Chairman of the Board.
[(1A) A Director appointed to be the Chairman shall, before assuming office as Chairman, divest himself of any interest in, or the directorship of, any company or concern which has dealings with the Corporation, not being a cooperative society or a company or concern sponsored by or on behalf of the Central Government or a Provincial Government, and shall, not, after assumption of such office, acquire any such interest or accept any such directorship:
Provided that the Central Government may permit the Chairman to retain any shares in any such company or concern purchased by him before assuming the office of Chairman:
Provided further that, where any company or concern of which any share, or in which any interest, was acquired by him did not, at the time of such acquisition, have any dealings with the Corporation, starts such dealings, the Chairman shall declare to the Board the extent of the share or interest held by him in such company or concern.
(1B) The Chairman shall be a whole time officer of the Corporation and also its Chief Executive Officer.
(1C) The Chairman shall exercise such powers and perform such functions as may be assigned to him by regulations, and until regulations are made in this behalf, as may be assigned by the Board.]
(2) Subject to his continuing to hold office as Director, the Chairman shall hold office as Chairman for a term of three years, and thereafter until such time as his successor is appointed, and shall be eligible for re-appointment for a like term or terms.
(3) A casual vacancy in the office of Chairman shall be filled by the Central Government by nominating one of the remaining Directors, or by appointing a new Director, for the purpose; and the Chairman so appointed shall hold office for the period during which the vacancy lasts or till the unexpired period of the term of his predecessor ends.

7. Managing Director. [Omitted]

7A. Secretary of the Board. There shall be a Secretary of the Board to be appointed by it, and he shall perform such functions and duties as may be assigned to him by the regulations, until regulations are made in this behalf, as may be assigned by the Chairman.

8. Disqualifications of Directors. (1). No person shall be or shall continue to be a Director who --
(a) is or has at any time been disqualified for employment in, or dismissed from the service of the State; or
(b) is or at any time has been, convicted of an offence involving moral turpitude ; or
(c) is, or at any time has been, adjudicated insolvent; or
(d) is found to be a lunatic or becomes of unsound mind ; or
(e) is a minor.
(2) The Central Government may, by order in writing remove the Chairman or Director if he-
(a) refuses or fails to discharge or becomes, in the opinion of the Central Government, incapable of discharging his responsibilities under this Ordinance; or
(b) has, in the opinion of the Central Government, abused his position as Chairman or Director ; or
(c) has knowingly acquired or continued to hold without the permission in writing of the Central Government, directly or indirectly, or through a partner, any share or interest in any contract or employment with or by or on behalf of the Corporation ; or
(d) has absented himself from three consecutive meetings of the Board without the leave of the Central Government in the case of Chairman, or of the Chairman in the case of a Director.

9. Vacancies, etc., not to invalidate acts and proceedings of the Board. No act or proceeding of the Board shall be invalid by reason only of the existence of any vacancy, or any defect in the constitution of the Board.

10. Meetings of the Board. (1) The meetings of the Board shall be held at such times and at such places as may be provided by
11. Head Office. (1) The head office of the Corporation shall be at Karachi, but the Central Government may, by notification in the official Gazette, transfer it to such other place as may be specified in such notification.

(2) The Corporation shall establish Regional Offices in East and West Pakistan as such places as the Central Government may direct.

12. Functions of the Corporation. (1) Subject to the provisions of this Ordinance, the functions of the Corporation shall generally be to plan, promote, organize and implement programmes for the exploration and development of oil and gas resources, and the production, refining and sale of oil and gas, and such other functions as the Central Government may, from time to time, assign to the Corporation.

(2) In particular and without prejudice to the generality of the foregoing provision, the Corporation may take such steps as it thinks fit—

(a) to carry out geological, geophysical and other surveys for the exploration of oil and gas;

(b) to carry out drilling and other prospecting operations to prove and estimate the reserves of oil and gas;

(c) to undertake, encourage and promote such other activities as may lead to the establishment of such reserves;

(d) to undertake, assist or encourage and promote the production of oil and gas from such reserves and the refining of such oil and gas;

(e) to sell, distribute, transport and otherwise dispose of oil and refined products;

(f) to sell, distribute, transport and otherwise dispose of gas and refinery gases;

Provided that no industry which is likely to use any such gas or raw material shall be set up by the Corporation without the previous approval in writing of the Central Government;

(g) to contribute towards the cost of any studies, experiments or technical research connected with the functions of the Corporation and undertaken or done by any other person, body or agency;

(h) to undertake, assist or encourage the collection, maintenance and publication of statistics, bulletins and monographs;

(i) to perform any other function which is supplemental, incidental or consequential to any of the functions aforesaid, or which may be prescribed.

13. Powers of the Corporation. The Corporation may exercise all such powers as may be necessary or expedient for the purpose of carrying out its functions under this Ordinance.

14. Fund of the Corporation. (1) The Corporation shall have its own Fund.

(2) The Central Government shall subscribe to the Fund [twenty-five crores] of rupees, of which one crore shall be contributed in the first instance, and the balance in such instalments and at such intervals as the Central Government may from time to time determine.

(3) All moneys of the Corporation, whether received as contributions from the Central Government or otherwise, shall be credited to the Fund, and all payments by the Corporation shall be made from out of the Fund.

(4) The Corporation may spend such sums as it thinks fit for performing its functions under this Ordinance.

(5) All moneys of the Corporation shall be deposited with the National Bank of Pakistan, or with the previous approval in writing of the Central Government, with any other Bank.

15. Investment of funds. The Corporation may invest its funds in any Government security.

16. Borrowing of money. The Corporation may, with the previous approval in writing of the Central Government, borrow money in the open market or otherwise for the purpose of carrying out its functions under this Ordinance.

17. Budget. The Corporation shall, by such date in each year as may be prescribed, submit to the Central Government for approval, a budget in the prescribed form for each financial year showing the estimated receipts and expenditure and the sums which are likely to be required from the Central Government during that financial year.

18. Accounts and audit. (1) The Corporation shall maintain proper accounts and other relevant records, and prepare annual statements of accounts and balance-sheet, in accordance with such general directions as may be issued, and in such form as may be specified, by the Central Government in consultation with the Controller and Auditor-General of Pakistan, hereafter in this section referred to as the Auditor-General.

(2) The accounts of the Corporation shall be audited by not less than two auditors who shall be chartered accountants within the meaning of Chartered Accountants Ordinance, 1961, and appointed for the purpose by the Corporation with the previous approval in writing of the Central Government;

(3) Notwithstanding the audit provided for in subsection (2), the Auditor-General shall have the power to audit or cause to be-audited the accounts of the Corporation.

(4) The Corporation shall produce all such accounts, books and connected documents, and furnish such explanations and information, as the Auditor-General, or any officer authorized by him in this behalf, may require at the time of audit.

(5) The Auditor-General shall, while holding the audit,—

(a) take into consideration the fact that Corporation is a commercial organization; and

(b) keep in view the provisions of sub-section (2) of section 4, and state in his report how far in his opinion those provisions have been complied with.

(6) The Corporation shall as soon as possible after the end of every financial year furnish to the Central Government a statement of its accounts audited by the chartered accountants referred to in sub-section (1).

19. Reports and returns. (1) The Corporation shall furnish to the Central Government at such time after the end of every financial year, in such form and in such manner as may be prescribed, or as the Central Government may direct, an annual report on the conduct of its affairs for that year, and on its proposals for the next ensuing financial year.

(2) In addition to the annual report referred to in subsection (1), the Corporation shall submit to the Central Government such reports, returns and statements as the Central Government may direct.

20. Corporation to have certain rights, liabilities and obligations of the Central Government. All rights, liabilities and obligations regulations, and until regulations are made in this behalf, such meetings shall be convened by the Chairman.

(2) To constitute a quorum at a meeting of the Board the number of Directors present shall be two, but if the total number of Directors is five, at least three Directors shall be present to constitute such quorum.

(3) Each Director shall have one vote, and in the event of equality of votes, the Chairman shall have a second or casting vote.

(4) The meetings of the Board shall be presided over by the Chairman, and in the absence of the Chairman, by the Director authorized by him in writing in that behalf, or, in default of such authorization, by the person elected for the purpose by the Directors present from amongst themselves.
of the Central Government which, whether arising out of any contract or otherwise, were acquired or incurred by it for any of the purposes referred to in section 12 before the date of the establishment of the Corporation, shall be deemed to have been acquired or incurred by the Corporation and shall be the rights, liabilities and obligations respectively of the Corporation.

21. Formation of subsidiary companies. The Corporation may, with the previous approval in writing of the Central Government, sponsor the formation of subsidiary companies for commercial exploitation and marketing of oil and gas, and may hold an interest therein.

22. Appointment of officers, advisers and servants. The Corporation may appoint or employ, on such terms and conditions as may be prescribed, such officers, advisers and servants as it considers necessary for the efficient performance of its functions.

23. Declaration of fidelity and secrecy. Every Director, officer and servant of the Corporation shall, before entering upon his duties, make a declaration of fidelity and secrecy in the form set out in the Schedule.

24. Power to acquire land. The Corporation may, with the previous approval in writing of the Central Government, acquire, for carrying out the purposes of this Ordinance, land, in accordance with the provisions of the Land Acquisition Act, 1894, or any other law for the time being in force.

25. Power of entry. (1) The Chairman, or any other person authorized by him in writing, may enter upon and survey any land, undertake investigations, erect pillars for the determination of areas and intended lines of works, make borings and excavations for the discovery of oil or gas, lay pipe for securing the flow of oil or gas, and do all other acts which may be necessary in order to carry out all or any of the objects of this Ordinance:

Provided that when the affected land does not vest in the Corporation, powers conferred by this sub-section shall be exercised in such manner as to cause the least interference with, and the least damage to, the rights of the owner thereof.

(2) When any person enters into or upon any land in pursuance of sub-section (1), he shall, at the time of entering, pay or tender payment for all necessary damage to be done as aforesaid, and in pursuance of as to the sufficiency of the amount so paid or tendered, he shall at once refer the dispute to the Corporation whose decision shall be final.

(3) It shall be lawful for any person authorized under sub-section (1) to make an entry upon any land, to open or cause to be opened a door, gate or other barrier,--

(a) if he considers the opening thereof necessary for the purposes of such entry; and

(b) if the occupier or owner, as the case may be, is absent, or being present refuses to open such door, gate or barrier:

Provided that the compensation shall be paid for the damage caused in such manner as the Corporation may prescribe, and in case of dispute as to the sufficiency of the amount the matter shall be referred to the Corporation, whose decision shall be final.

26. Delegation of powers. The Corporation may, by general or special order in writing, direct that such of its powers shall, in such circumstances and under such conditions, if any, as may be specified in the order, be exercisable also by such of its Directors or officers as may be so specified.

27. Directors, etc., deemed to be public servants. All Directors, officers and servants of the Corporation shall, while acting or purporting to act in pursuance of the provisions of this Ordinance, or the rules or regulations made thereunder, be deemed to be public servants within the meaning of section 21 of the Pakistan Penal Code.

28. Indemnity to the Corporation. No suit shall be maintainable against the Corporation, the Chairman, any Director or any officer, adviser or servant of the Corporation, or any person acting under the direction of the Corporation, or of the Chairman or of any officer or servant of the Corporation in respect of anything done lawfully and in good faith and with due care and attention under this Ordinance.

29. Power to make rules. The Central Government may, by notification in the official Gazette, make rules for carrying out the purposes of this Ordinance, and such rules may, inter alia, provide for regulating all or any of the following matters, namely:

(1) the term of office and conditions of service of Directors and the manner of filling of casual vacancies among them;

(2) the term of office and conditions of service of the officers and servants of the Corporation;

(3) the procedure to be followed in the discharge of functions by Directors;

(4) the date by which, and the form in which the budget shall be submitted in each year;

(5) the procedure for appropriation and re-appropriation of moneys in the Fund;

(6) the procedure to be followed and the conditions to be observed in borrowing moneys by the Corporation;

(7) the manner of keeping and maintaining of accounts by the Corporation;

(8) the form and manner in which returns, reports or statements shall be submitted;

(9) the procedure of entering into contracts by or on behalf of the Corporation.

30. Power to make regulations. (1) The Corporation may, with the previous approval in writing of the Central Government, make regulations providing for such matters as are not provided for by rules made under the preceding section, for carrying out the purposes of this Ordinance and the rules.

(2) In particular and without prejudice to the generality of the foregoing provision, such regulations may provide for--

(a) the time and place of the meetings of the Board;

(b) the procedure to be followed in regard to the transaction of business of such meetings;

(c) the maintenance of minutes of the meetings and the transmission of copies thereof to the Central Government;

(d) the investment of the Corporation's funds;

(dd) the assignment of powers and functions to the Chairman;

(e) the assignment of duties to the Secretary of the Corporation.

31. Dissolution of the Corporation. (1) The Central Government may, by notification in the official Gazette, direct that the Corporation shall be dissolved from such date as may be specified in the notification, and thereupon the Corporation shall stand dissolved on that date.

(2) On and from the aforesaid date,-

(a) all assets, liabilities and obligations acquired or incurred by the Corporation for purposes of the Corporation or for any of the purposes referred to in this Ordinance shall devolve on the Central Government, and
(b) the Chairman and Directors shall vacate their officers.

THE SCHEDULE
(See section 23)
Declaration to Fidelity and Secrecy

I....................hereby declare that I will faithfully, truly and to the best of my judgment, skill and ability, execute and perform the duties required of me as a Director/officer/servant of the Oil and Gas Development Corporation and which properly relate to any office or position in the said Corporation held by me.

I further declare that I will not communicate to any person not legally entitled thereto any information relating to the affairs of the Corporation nor will I allow any such person to inspect or have access to any books or documents belonging to or in the possession of Corporation and relating to the business of the Corporation.

Signed before me.
Date.
Signature ------------------
Signature ------------------
Signature ------------------