PETROLEUM AND NATURAL GAS REGULATORY BOARD

1st Floor, World Trade Centre, Babar Road, New Delhi-1
Tel No: 011- 23457700/23457744/23457751

Ref.: Infra/PL/PPL/BID/MHMSPL/01/2012 Date: 20.11.2012

To,
Shri. J.S. Prasad,
GM -Pipelines
M/s Hindustan Petroleum Corporation Limited
8, Shoorji Vallabhdas Marg,
Post Box No. 155, Mumbai-400001
Email: jsprasad@hpcl.co.in
Ph: 022-22704959
Fax: 022-22637188

Sub: Grant of Authorization for Mangalore-Hassan- Mysore-Sollur LPG pipeline: Bid No. BID/PPL/03/2011/3/MHMSPL

Sir,

With reference to Bid No. BID/PPL/03/2011/3/MHMSPL and the Performance Bond submitted by you vide letter no. HPCL/MHMSPL/TKJ dated 14.11.2012; please find enclosed the Grant of Authorization in Schedule-D of the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010 for the Mangalore-Hassan-Mysore-Sollur LPG pipeline.

2. It may be noted that the authorization shall be governed by the provisions of the relevant Regulations, various terms & conditions contained in the 'Application cum Bid document' and the clarifications issued by PNGRB w.r.t. Bid No. BID/PPL/03/2011/3/MHMSPL.

3. Kindly acknowledge this letter and send us the acceptance within 15 days from the date of this letter.

Yours faithfully,

(Ratan P. Watal)
Secretary

रतन पी. वाटल/RATAN P. WATAL
सचिव/Secretary
पेट्रोलियम और प्राकृतिक गैस विनियामक बोर्ड
Petroleum & Natural Gas Regulatory Board
प्रथम तल, वर्ल्ड ट्रेड सेन्टर
1st Floor, World Trade Centre,
बाबर रोड़, नई दिल्ली – 110001
Babar Road, New Delhi - 110001

Encl. As above

Schedule D

[see regulations 9 (2) and 18 (7)]

Grant of authorization for laying, building, operating or expanding Mangalore-Hassan – Mysore-Sollur LPG pipeline.

To
Shri. J.S. Prasad
GM -Pipelines
M/s Hindustan Petroleum Corporation Limited
8, Shoorji Vallabhdas Marg,
Post Box No. 155, Mumbai-400001

Subject: Grant of authorization for laying, building, operating or expanding Liquefied Petroleum Gas (LPG) pipeline along the route of < Mangalore (Karnataka)- Hassan (Karnataka)- Yediyuru (Karnataka) to Sollur (Karnataka) and to Mysore (Karnataka) > under the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010.

Sir / Madam,

With reference to your application for grant of authorization for laying, building, operating or expansion of Liquefied Petroleum Gas (LPG) pipeline along the route of < Mangalore (Karnataka)- Hassan (Karnataka)- Yediyuru (Karnataka) to Sollur (Karnataka) and to Mysore (Karnataka) >, it has been decided to grant authorization to you, subject to the provisions under the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010 on the following terms and conditions, namely:-

1. The route for laying, building, operating or expanding the petroleum and petroleum products pipeline shall be as depicted in the enclosed drawing (Annex-1).

2. The entity shall complete the activities of laying, building or expanding activities of petroleum and petroleum products pipeline and commission the petroleum and petroleum products pipeline project as per the enclosed time schedule and targets (Annex-2). The entity is allowed a maximum period of thirty six months from the date of issue of the authorization letter for commissioning of the petroleum and petroleum products pipeline project. Any failure on the part of the entity in complying with the targets prescribed in the time schedule shall lead to consequences as specified under regulation 16 of the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010.

रतन पी. वाटल/RATAN P. WATAL
सचिव/Secretary
पेट्रोलियम और प्राकृतिक गैस विनियामक बोर्ड
Petroleum & Natural Gas Regulatory Board
प्रथम तल, वर्ल्ड ट्रेड सेन्टर
1st Floor, World Trade Centre,
बाबर रोड़, नई दिल्ली – 110001
Babar Road, New Delhi - 110001

3. The capacity in the petroleum and petroleum products pipeline shall be equal to **3.10 Million tons per annum (MMTPA)** (Annex-2).

4. The extra capacity in the petroleum and petroleum products pipeline shall be equal to **0.62 MMTPA** (Annex-2) as per the provisions specified in clause *(j)* of sub-regulation *(6)* of regulation 5 and shall be available for use on common carrier basis by any third party on open access and non-discriminatory basis.

5. The authorized entity shall be required to take prior approval from the Board for creation of any lien or charge or hypothecation on the assets of the petroleum and petroleum products pipeline to secure finances for the project and furnish details of utilization of funds. However, in case of raising funds from any financial institution or bank, the entity will be required to only inform the Board of the sanction of the funds, within a period of seven days.

6. The entity shall publish on its website the approved tariffs for the petroleum and petroleum products pipeline.

7. The entity shall submit a detailed and clear financial closure report to the Board within a period of one hundred and twenty days from the date of authorization issued by the Board under regulation 9 of the Petroleum and Natural gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010.

8. The furnishing of performance bond of **Rs.200.0 million** is a guarantee for timely commissioning of the project as per the prescribed targets submitted in the bid and for meeting the performance undertakings during operating phase of the project.

9. The entity shall abide by the service obligations specified under regulation 14 and quality of service standards under regulation 15 of the Petroleum and Natural gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010. Year-wise volume of Petroleum and Petroleum Products to be referred by PNGRB for the purpose of compliance of Service Obligations as specified in Regulation 14(1) of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010 shall be as per Annex-2.

10. In case the authorization of the entity is terminated, the Board may assign the rights and obligations to any agency or another entity on such terms and conditions, as it may deem fit. Further, the entity may be required, as per the directions of the Board, to continue the operations of the petroleum and petroleum products pipeline at the same level till another agency or entity appointed by the Board takes over the full control of the petroleum and petroleum products pipeline.

रतन पी. वाटल/RATAN P. WATAL
सचिव/Secretary
पेट्रोलियम और प्राकृतिक गैस विनियामक बोर्ड
Petroleum & Natural Gas Regulatory Board
प्रथम तल, वर्ल्ड ट्रेड सेन्टर
1st Floor, World Trade Centre,
बाबर रोड़, नई दिल्ली – 110001
Babar Road, New Delhi - 110001

11. The entity shall comply with the provisions under-

(a) the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010;

(b) the Petroleum and Natural Gas Regulatory Board (Determination of Petroleum and Petroleum Products Pipeline Tariff) Regulations, whenever notified;

(c) the service obligations specified in Schedule J to the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010;

(d) the relevant regulations for-

(i) the technical standards and specifications, including safety standards;

(ii) the access code;

(iii) determination of capacity for petroleum and petroleum products pipeline;

(iv) affiliate code of conduct;

(v) declaring petroleum and petroleum products pipelines as common carrier or contract carrier;

(e) any other regulations as may be applicable and the provisions of the PNGRB Act, 2006.

12. The entity shall comply with any other term or condition which may be notified by the Board in public interest, from time to time.

You are requested to confirm your acceptance in the space provided below and return the same in original.

Yours faithfully,

Dated: 20.11.2012

Ratan P Watal

Name & Designation of Officer
On behalf of the PNGRB
Official Seal

रतन पी. वाटल/RATAN P. WATAL
सचिव/Secretary
पेट्रोलियम और प्राकृतिक गैस विनियामक बोर्ड
Petroleum & Natural Gas Regulatory Board
प्रथम तल, वर्ल्ड ट्रेड सेन्टर
1st Floor, World Trade Centre,
बाबर रोड, नई दिल्ली - 110001
Babar Road, New Delhi - 110001

Acceptance of Grant of Authorization

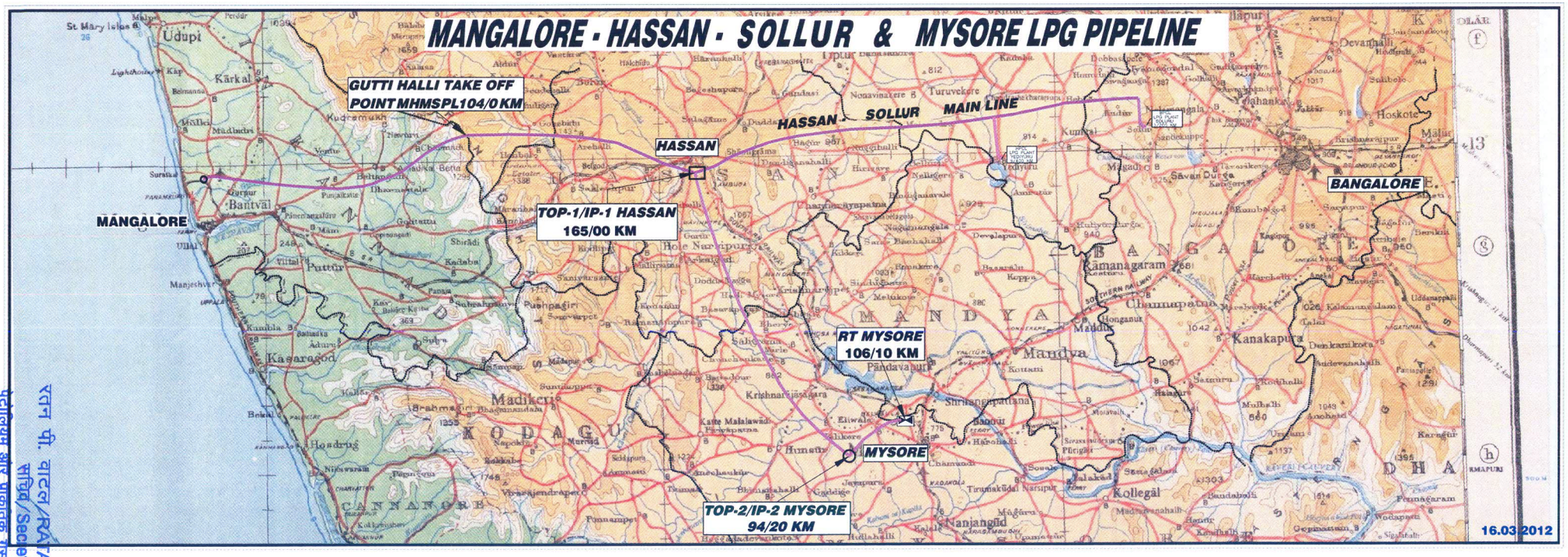
I / We hereby agree to the grant of authorization issued by the Board vide letter ref <___> dated <___> and agree to comply with all the terms and conditions subject to

which I / We have been granted authorization for laying, building, operating or expanding petroleum and petroleum products pipeline along the route from the originating station <___> in the State or the Union Territory of <___> to the terminating station <___> in the State or the Union Territory of <___>.

Date:
Place:

Signature of the Entity or Authorized Signatory
Name and Official Seal

रतन पी. वाटल/RATAN P. WATAL
सचिव/Secretary
पेट्रोलियम और प्राकृतिक गैस विनियामक बोर्ड
Petroleum & Natural Gas Regulatory Board
प्रथम तल, वर्ल्ड ट्रेड सेन्टर
1st Floor, World Trade Centre,
बाबर रोड़, नई दिल्ली – 110001
Babar Road, New Delhi - 110001



रतन पी. वाटल/RATAN P. WATAL
सचिव/Secretary
पेट्रोलियम और प्राकृतिक गैस विनियामक बोर्ड
Petroleum & Natural Gas Regulatory Board
प्रथम तल, वर्ल्ड ट्रेड सेन्टर
1st Floor, World Trade Centre,
बाबर रोड़, नई दिल्ली – 110001
Babar Road, New Delhi - 110001

Annex-1

Annex-2

TIME SCHEDULE AND TARGETS FOR MANGALORE-HASSAN- MYSORE-SOLLUR LPG PIPELINE PROJECT

S/N	Capacity of the pipeline (MMTPA)* system required to be built up	Extra capacity in the pipeline (MMTPA)* required to be built up	Annual Target of transporting petroleum and petroleum products (MMTPA)^
Year-1	2.29	0.46	0.86
Year-2	2.29	0.46	0.93
Year-3	2.29	0.46	1.00
Year-4	2.29	0.46	1.08
Year-5	2.29	0.46	1.17
Year-6	2.29	0.46	1.26
Year-7	2.29	0.46	1.36
Year-8	3.10	0.62	1.44
Year-9	3.10	0.62	1.53
Year-10	3.10	0.62	1.62
Year-11	3.10	0.62	1.72
Year-12	3.10	0.62	1.82
Year-13	3.10	0.62	1.93
Year-14	3.10	0.62	2.05
Year-15	3.10	0.62	2.17
Year-16	3.10	0.62	2.30
Year-17	3.10	0.62	2.44
Year-18	3.10	0.62	2.59
Year-19	3.10	0.62	2.74
Year-20	3.10	0.62	2.91
Year-21	3.10	0.62	3.08
Year-22 to Year -25	3.10	0.62	3.10

Notes:

(1) * - As per the provisions of the PNGRB (Determining capacity of Petroleum, Petroleum products and Natural Gas Pipeline) Regulations, 2010.

(2) ^ - As per the provisions of Regulation 14(1) of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010 and clause no. 18.1.1of the Application-cum-bid document for the Mangalore-Hassan-Sollur-Mysore LPG pipeline.

रतन पी. वाटल/RATAN P. WATAL
सचिव/Secretary
पेट्रोलियम और प्राकृतिक गैस विनियामक बोर्ड
Petroleum & Natural Gas Regulatory Board
प्रथम तल, वर्ल्ड ट्रेड सेन्टर
1st Floor, World Trade Centre,
बाबर रोड़, नई दिल्ली – 110001
Babar Road, New Delhi - 110001