Pakistan Development Forum
Islamabad: May 11, 2006

Oil and Gas Sector - Status and Strategy

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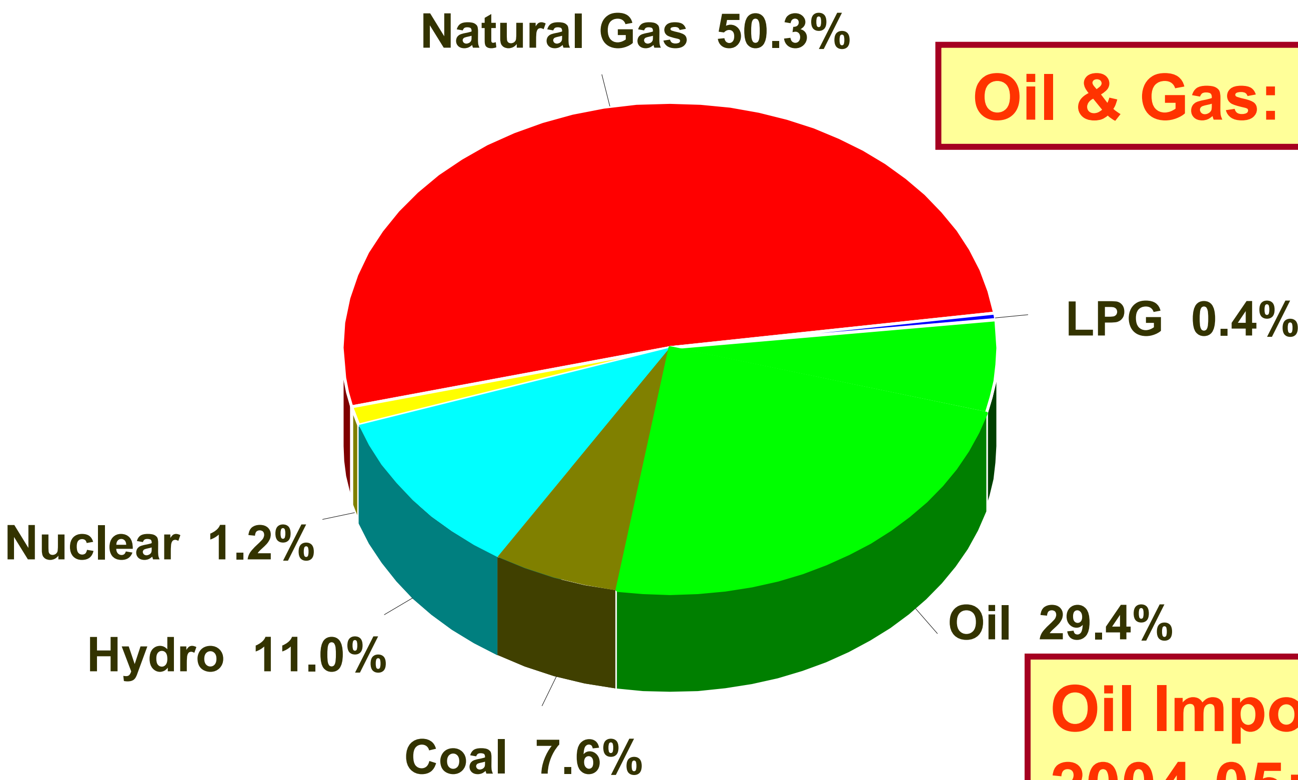
Energy Supply and Demand: Current and Projected

Energy Supply Mix

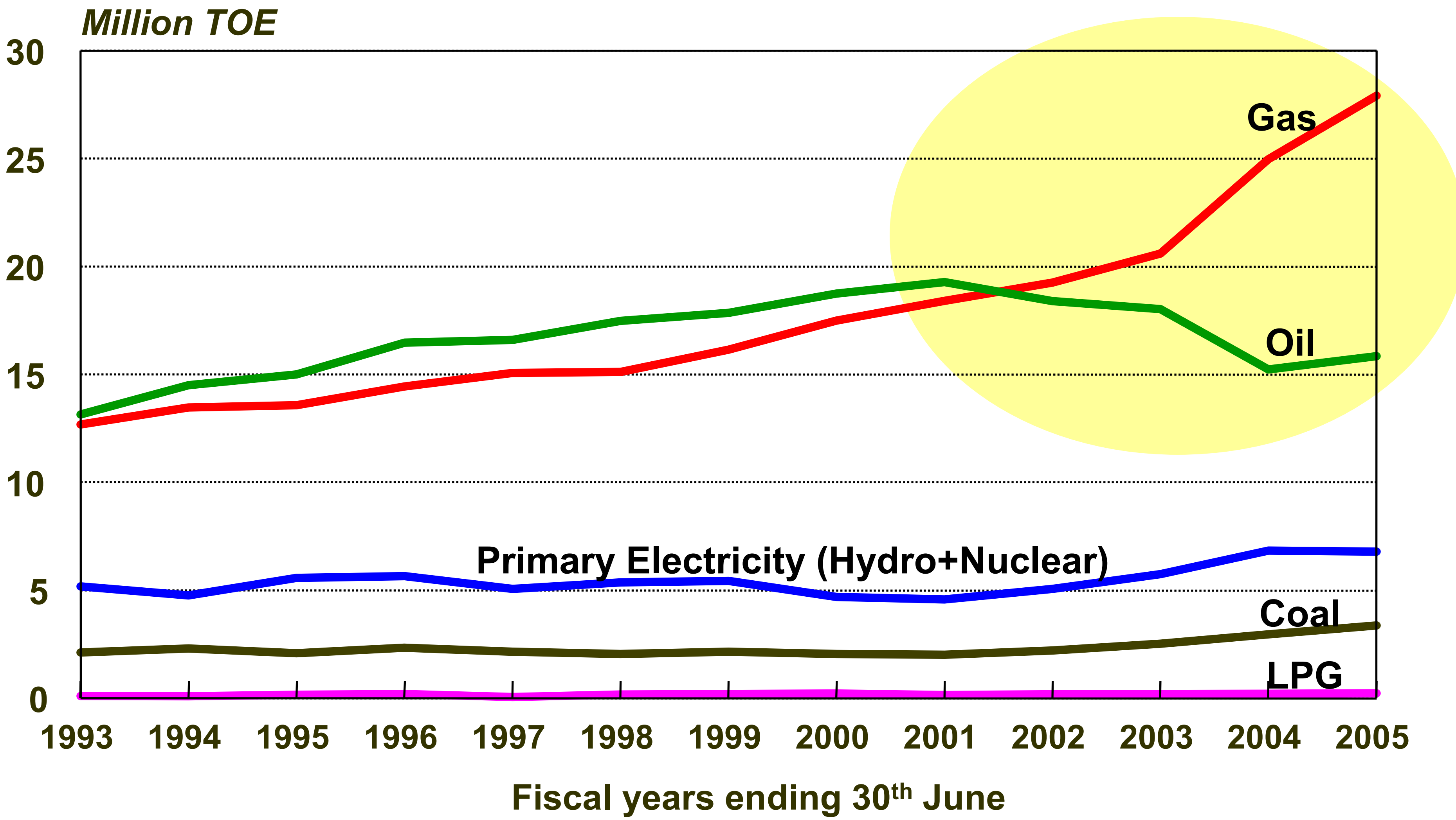
55.5 Million TOE



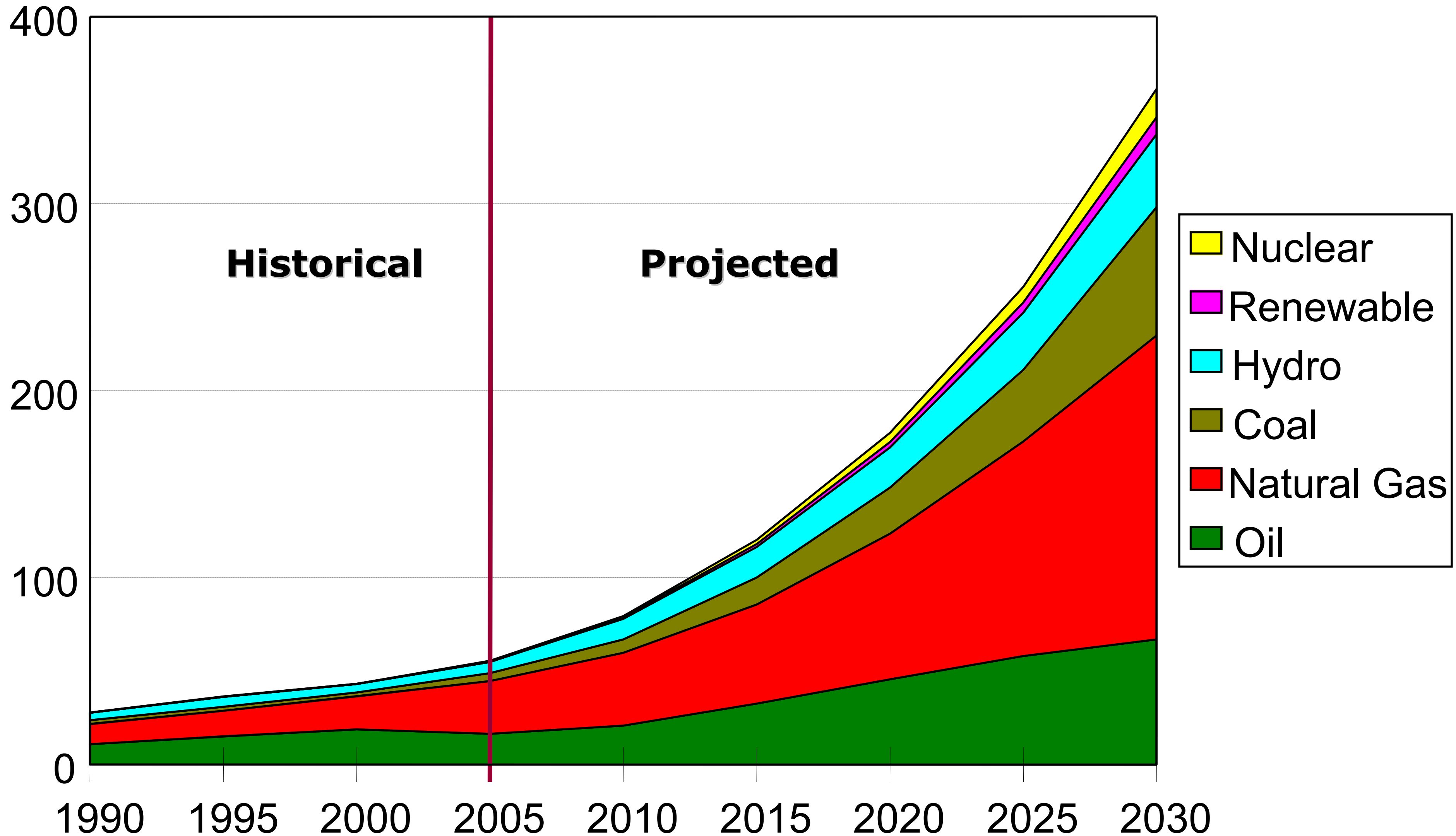
Oil & Gas: 80.1%

Oil Import Bill:
2004-05: $4.6 b
2005-06(exp): $6.5 b

Primary Energy Supply Sources



Historical and Projected Energy Supplies

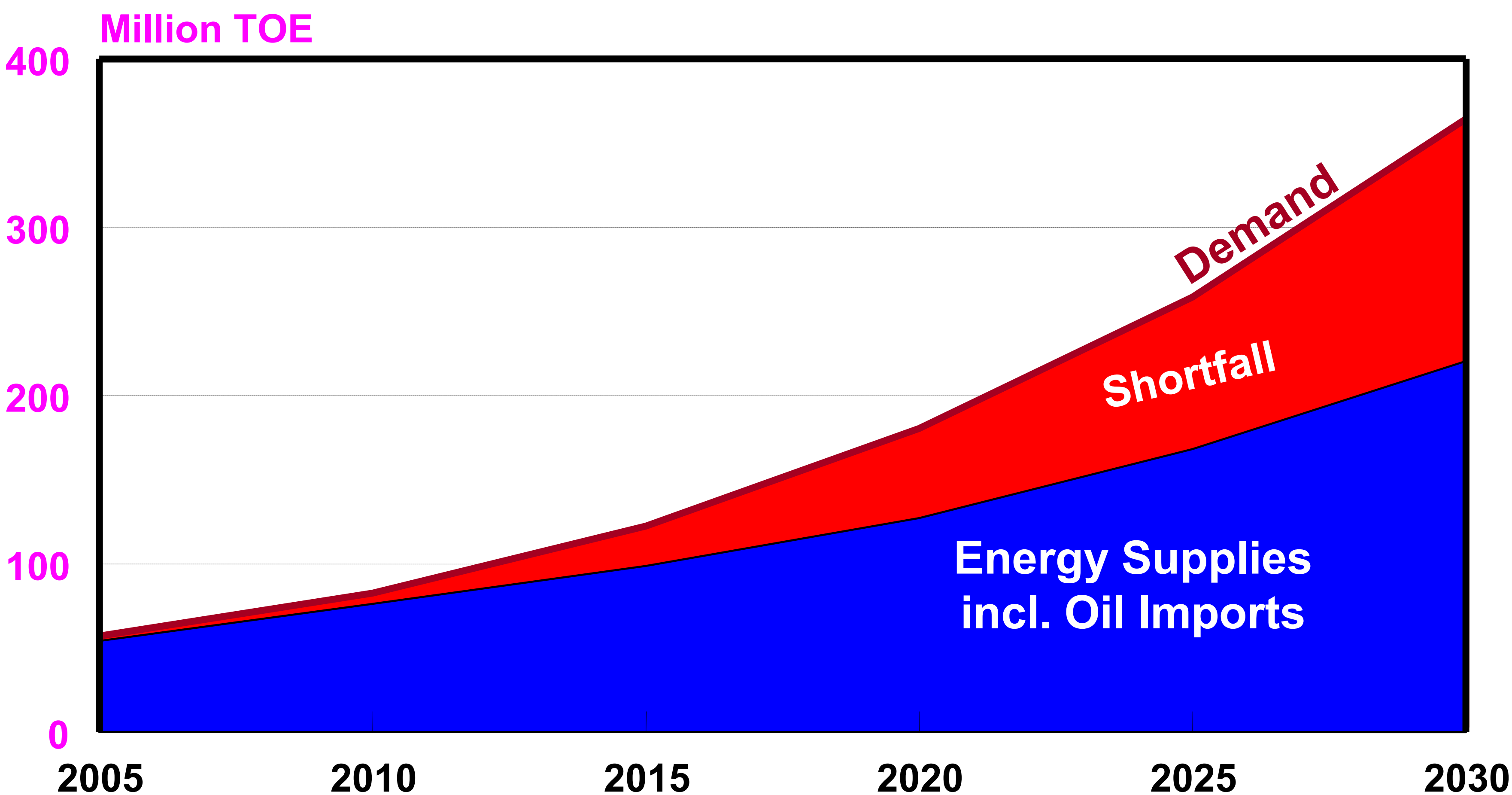


Projected Share of Sources in Energy Mix

Source	2005	2010	2015	2020	2025	2030
Oil	29.4%	26.1%	27.1%	25.6%	22.7%	18.5%
Gas	50.7%	49.1%	44.1%	43.9%	45.0%	45.0%
Coal	7.6%	9.0%	12.0%	14.0%	15.0%	19.0%
Hydro	11.0%	13.9%	13.6%	12.1%	11.9%	10.8%
Nuclear	1.2%	0.9%	1.9%	2.7%	3.2%	4.2%
Renewables	0.0%	1.1%	1.3%	1.7%	2.2%	2.5%

*Source: Medium Term Development Framework: Planning Commission, May 2005.

Energy Supply / Demand Shortfall



Government's Strategy and Policy Initiatives

Strategies

- Increase oil, gas and coal exploration and production activities
- Develop more hydropower
- Increase share of coal and alternate energy in the energy mix
- Promote private sector investment
- Develop regional cooperation and strategic partnerships
- Institutional capacity building

New Policies and Initiatives

- Gas Import Initiative
- LNG Policy
- Oil Refinery Policy

Under preparation

- LPG Policy
- CNG Policy including Diesel Substitution
- E&P Policy revision

Gas Import Initiative

- **Cross-border natural gas pipelines:**
  - **Iran (IP/IPI)**

Length:	Iran segment	1,150 km
	Pakistan segment	750 km

	Total	1,900 km
	If India joins(+150km)	2,050 km

  - **Turkmenistan (TAP/TAPI)**

Length:	Turkmenistan segment	145 km
	Afghanistan segment	735 km
	Pakistan segment	735 km

	Total	1,680 km

  - **Qatar (under discussion)**
- **Liquefied Natural Gas (LNG)**

LNG Policy: Key Features

- **Private sector investment encouraged.**
- **Fiscal incentives and Government facilitation.**
- **Investors are free to chose project structure.**
- **OGRA will issue licenses within 90 days of filing an application.**
- **International codes and standards specified.**

Needs and Requirements

- Private investment
- Project Financing
- Technical assistance for institutional building

Thank You