

We are focusing on increasing hydrocarbon reserves in Pakistan - Tomasz Nalecz

Exclusive Interview of Managing Director, PGNiG Pakistan Branch

By M. Naeem Qureshi

Polish Oil and Gas Company (PGNiG) Pakistan Branch is striving hard to operate as a project-oriented entity aiming at becoming progressive organization while adjusting to business environment in Pakistan. In near future our focus in upstream business is to increase hydrocarbon reserves in Pakistan. We are committed to acquire new blocks and licenses in Pakistan, this was stated by the Managing Director of PGNiG Pakistan Branch, Tomasz Nalecz while talking to Energy Update in an exclusive interview recently. He continues to say that...

EU: Please share a prelude to your company and yourself

Tomasz Nalecz: I currently live in Islamabad and work at Polish Oil and Gas Company (PGNiG) Pakistan branch as managing director.

The Company's core business includes exploration and production of natural gas and oil and their import, storage, sale and distribution as well as generation of electricity. It is concentrated on exploration projects carried out in Poland and abroad.



EU: How do you elaborate your personal leadership secrets for leading a team?

TN: A leader must know when to be decisive, and when to take a step back. I am confident that I can navigate my team's abilities through establishing trust within my team. I always give my team stretched targets to enable them to perform out of their comfort zones. I believe true leaders are visible and approachable to their teams and bring the best out of their teams.

EU: Where exactly does Pakistan need PGNiG? Any new trends in the oil sector you can see after COVID 19?

TN: Oil market is gaining its momentum back after witnessing a dip in its cycle both after the crash of the oil market and Covid 19 pandemic spread. This feel-good factor seems to have returned and is bringing a lot of competition globally as well. Particularly, in case of Pakistan, we are looking forward to play-

ing our role towards major contributions in the energy sector. Recent speedy developments in CPEC are opening new avenues for investment. We are constantly keeping an eye on these shifting trends and will shape our organizational strategy for widening our portfolio accordingly.

EU: How strictly do you manage risk management and especially how do you prepare your team for this crucial task?

TN: We consider all risk factors internally and externally while devising our business plan or strategy. Furthermore, we maintain our risk registry as well with methodologies to mitigate these risks. Risk management is part of project management in PGNiG and our team easily identifies, quantifies and has the risks under control.

EU: Please enlighten our readers about PGNiG research and development initiative?

TN: As part of PGNiG Group 2017-

2022 strategy, the company will spend a significant amount on research, development and innovation. Some of those projects are already under way with focus on building an efficient organizational and management model across the highly complex structure of the PGNiG Group. These projects will include optimization of the Group's operating model and rollout of an efficient management system.

EU: How do you forecast PGNiG business growth in emerging market of Pakistan?

A: In line with Group's strategy, PGNiG Pakistan Branch strives to operate as a project-oriented entity aiming at becoming progressive organization while keeping control of the volatile situation in Pakistan. In near future our focus in upstream business is to increase hydrocarbon reserves in Pakistan. To achieve this we will be devising a very aggressive strategy of acquiring new blocks and licenses in Pakistan. We are looking for opportunities on a government-to-government basis as PGNiG is a state-owned company and the government of Pakistan does offer potential blocks for exploration on a G to G basis. PGNiG Pakistan Branch is also looking for growth opportunities to farm



with Pakistani state owned companies.

EU: What are the key elements needed to make a successful organization as per your vision?

TN: Strategic planning is the most important element of making a successful organization and this planning should be holistic including all the aspects from people to processes and to product. However, speaking honestly, corporate culture is more important than strategy. Because if organizational culture is not driven by organization values, all strategies would fail. As they say - culture eats strategy for breakfast.

EU: How do you face the challenges and transform them into opportunities?

TN: As I already mentioned we operate in an uncertain world and challenges are not a new thing for companies. I personally take challenges as motivation since these give us a chance to reflect upon whether we need to stick to our basics or need to re-strategize. We periodically run SWOT and PEST analysis to assess internal and external environments. I believe that a great leader faces challenges and navigates the ship, even when the skies darken. ■

Advancing the development of small hydropower projects

PPIB is focussing on developing small hydropower projects (SHPPs) after delivering various success stories in materializing larger hydropower projects as well as other technologies. This corresponds with the resolve of the government to concentrate on clean, green and affordable energy. This was stated by Managing Director PPIB, Shah Jahan Mirza while chairing a meeting attended by all key players of the federal and provincial/AJ&K governments including Central Power Purchasing Agency Guarantee Limited (CPPA-G), National Transmission and despatch Company (NTDC), relevant Distribution Companies (LESCO, FESCO, GEPCO, and PESCO), Pakhtunkhwa Energy Development Board (PEDO), AJ&K Private Power Cell (AJK-PPC), Punjab Power Development Board (PPDB) along with the sponsors of various SHPPs. The main agenda of the meeting was to review the progress of Small Hydropower Projects (SHPPs) being developed in Pakistan/AJ&K through provincial/AJ&K governments with private sector financing and devise mechanisms to remove any bottlenecks and delays.

Previously a major breakthrough was

achieved at the end of last year for the long stalled SHPPs when PPIB Board which is chaired by the Federal Minister for Power Omar Ayub Khan approved a transparent mechanism for processing of these projects and issuance of Letters of Support by PPIB with the consensus of CPPA, NTDC and Provincial/AJ&K representatives. Accordingly, PPIB has issued Letters of Support (LOS) to the first two projects in AJ&K namely 7.05 MW Rialil and 8.0 Kathai. Both these projects are under financial closing phase and progressing satisfactorily, which is a good beginning for harnessing hydropower potential at smaller sites. Other SHPPs were discussed with the relevant project sponsors to enquire of any bottlenecks being faced by them so that they could be immediately resolved. As a process, the sponsors have to fulfil certain prerequisites at CPPA-G, DISCOs, NTDC and NEPRA levels before issuance of Letter of Support by PPIB. However, the sponsors reported that there are some issues in processing of proposals before reaching PPIB. These issues were discussed threadbare and need was felt for the DISCOs, NTDC and CPPAG to streamline

their processes for expeditious approvals. The representatives of CPPA-G, NTDC and various DISCOs assured to extend their full cooperation and disposal of the cases of sponsors of SHPPs in a timely manner. MD PPIB stated that all the processes at PPIB are fully streamlined and PPIB processes all project proposals without any delays.

Shah Jahan Mirza said that PPIB, being a one stop organization for facilitating investments in the power sector, is currently handling a portfolio of 12476 MW, out of which hydropower projects are of around 6500MW, with the largest being 1124 MW. From these hydropower projects, 3 projects of 333 MW are already commissioned while 2 projects of 1504 MW are under construction and 2 projects of 1824 MW are under Financial Closing. The progress being made in development of SHPPs which will be up to 50 MW will help in facilitating the local and small investors while contributing to the economic development of remote areas. Further, these projects will be connected in DISCOs network thus saving huge cost on construction of long transmission lines ■

PGNiG pursuing to increase its footprint in the Pakistani upstream sector

PGNiG, also known as Polish Oil and Gas Company (POGC) operates in Pakistan as a branch office of PGNiG Group, which has a majority shareholding of the Polish Government. PGNiG began its operations in Pakistan in May 1997 and has been conducting petroleum exploration and production activities as an Operator since then. Before acquiring the current Kirthar Concession (Block No. 2667-7), PGNiG operated and carried out exploration activities in four other Concessions namely Khanpur West, Sabzal, Mekhtar and Sabzal South. PGNiG has also held a 40% Working Interest in an exploration block in Nawabshah, Sindh as a Non-Operating Partner. PGNiG acquired the Kirthar Block, located in District Dadu (Sindh), as Operator in 2005 and Pakistan Petroleum Limited (PPL) farmed-in the Block



as a Joint Venture Partner in 2006. PGNiG made the discovery of Rehman-1 well in 2009 and started extended well test (EWT) production from it in 2013 hence, becoming the first "Tight Gas" producer in Pakistan. The appraisal phase for Rehman gas field was successfully concluded in August, 2015 whereby commerciality of the field was declared. The Government of Pakistan awarded a Development and Production Lease over Rehman field in 2017 for a period of 25 years.

In 2015, PGNiG made a second discovery by drilling Rizq-1 well in the Kirthar Block. This year also earmarks the commissioning of the Rehman Production Facility (RPF) which was constructed to process the produced gas from Rehman and Rizq fields. The facility was inaugurated by the then minister for petroleum and natural resources on November 17, 2015.

PGNiG more than doubled its production from the Kirthar Block when gas from Rizq field was added to the national grid in November 2016. In 2017, processing capacity of RPF was enhanced from 15 to 40 mmscfd to incorporate the anticipated production from Rizq field.

Appraisal program of the Rizq field was completed in 2018 following the declaration of commerciality and grant of D&PL over Rizq field for a period of 25 years.

Until now, PGNiG has drilled 12 wells in Kirthar Block comprising 3 exploratory, 3 appraisal and 6 development wells. PGNiG has thus far invested ~US\$280 million in Pakistan in exploration and production activities in all of its existing and previously held concessions. Out of this, ~US\$235 million have been invested in Kirthar Block mainly on exploration, drilling of the wells, construction of Rehman Production Facility & its augmentation and ~50 km of sales gas transport pipeline. The current production from the Block stands at ~ 55-60 MMScfd which is planned to be increased in the first stage up to ~ 80 MMScfd with continued development of existing fields and other exploratory prospects in the Kirthar Block. The RPF was augmented in September 2019 to cater for the processing and dehydration requirements of the increased production.

PGNiG is actively pursuing development plans for the Rehman and Rizq fields in Kirthar Block and aims at increasing its footprint in the Pakistani upstream sector. PGNiG hopes that the investment climate in Pakistan to be more conducive for business and is committed to contribute to its energy security. ■