

Byco Refutes Commission Report Allegations

Byco Petroleum Pakistan Limited, (“Byco”), categorically and firmly rejects the unfounded, unsubstantiated, frivolous and seemingly mala fide claims made against Byco by the Commission on Shortage of Petroleum Products (“Commission”). Whereas the Commission had been tasked with exploring and reporting the circumstances of the shortage of supply, the Commission grossly exceeded its mandate by seeking to target particular entities including Byco on the basis of unfounded and unsubstantiated claims. The Commission, in making unfounded claims against Byco has not only grossly exceeded its mandate but has sought to harm Byco’s legitimate interests in a mala fide manner. Such actions by the Commission evidently constitute gross abuse of public authority by a public body. Byco fully reserves its right to challenge the claims made by the Commission, and to further undertake all legal remedies available to it against the Commission for inter alia abuse of public authority, misrepresentation, discriminatory and prejudicial behaviour, defamation, and misrepresentation with intention to cause harm.

Byco has consistently sought to advance the interests of the oil industry of Pakistan and its consumers. Byco has taken substantial and extraordinary measures to strengthen the Country’s ability to supply oil to its citizens, by building the requisite infrastructure. As such, Byco has often found itself to be leading the oil supply industry in Pakistan with a vision to advancing the integration of oil supply so as to make the same more secure, depend-

able and efficient.

Byco is Pakistan’s only vertically integrated Oil Company. Besides having Pakistan’s largest crude oil refining facility with an installed capacity of 156,000 barrels per day (bpd), Byco has a 41,000 bpd Naphtha hydro treating unit, and an upgrade block consisting of two reforming units of 27,000 bpd

without a single incident of oil spill or leakage to date. The SPM operates under the watchful eye of the Pakistan Navy, Ministry of Maritime affairs, Maritime Security Agency, and Pakistan Customs authorities, with security provided by the Bahria Foundation. The SPM is a national asset for Pakistan, being the country’s third port

acts as per the Ministry of Energy. Refinery throughput is dynamically adjusted based on demand as a global norm. Similarly, product shipping and receipts (Gantries) operations is also adjusted as per demand, from round-the-clock operations to working on as little as one shift. Despite unprecedented volatility in demand

petroleum company which has its own sanction policy, prepared in consultation with a leading American law firm and which is adhered to at all times and for each consignment of crude oil

To ensure safe transportation, curb smuggling and discouraging malpractices, Byco’s road going fleet is 100% equipped with tracking devices which Byco is further enhancing by virtual data monitoring recorders (VDMR). Additionally, Byco is the only oil company which has taken the initiative of protecting its transport documents through a unique QR Code system. Byco has trained and equipped law enforcement agencies with QR code reading devices at its own cost.

During the COVID 19 lockdown period and the period of shortage, in its capacity as a supplier, Byco continued to operate its plants at planned throughputs without any disruptions and fulfilled product demand of other OMCs, demonstrating its commitment to ensuring continued supply of refined products as per the country’s demand.

Byco’s retail stations’ average monthly market share from July to December, 2019, was 3.55% and during the shortage period of June, 2020, Byco managed to maintain its volumes and market share with a reported 3.25%, a negligible variance as compared to other OMCs. This clearly demonstrates that Byco’s performance during the shortage period was consistent to periods prior to the shortage and in fact was better than other OMCs. In order to ensure uninterrupted supply to the market during the shortage period, Byco reduced its stocks at its refineries to an absolute minimum, while speeding up turn-

around of stocks under testing.

Byco, as is evident from the above, has at all times, and in spite of critical limitations including the impact of COVID 19, sought to advance the interests of the consumers of Pakistan’s oil supply. It has done so by taking substantial, tangible and evident measures to strengthen Pakistan’s oil supply infrastructure. In the light of Byco’s actions as above-mentioned, the Commission has sought to mispresent such evidently bona fide measures, as dubious and supposedly mala fide. Critically, the Commission fails to provide any substantial basis for presenting Byco’s bona fide measures as being susceptible to supposed irregularities. Instead, in what is a most essential characteristic of the Commission and its report, the Commission has cast aspersions on the actions of not just Byco, but of almost all of Pakistan’s oil marketing companies, and their regulators, exclusively and without exception, on the basis of frivolous claims and unfounded conjecture. The Commission has gone so far as to materially misrepresent the facts of a matter that is sub judice before a court of law. Such actions by the Commission, along with its report, represent a source of grave concern for not just the Oil Marketing Companies and Regulators so frivolously defamed by the Commission, but also for the Federal Government and the nation at large, given that the Commission’s actions, instead of remedying the situation have served only to endanger and undermine the critical supply of oil to the citizens of Pakistan, thereby jeopardizing the national security of Pakistan.

| Annual Crude Throughput at Pakistan’s Refineries | | | |
|--|--------|--------|--------|
| Unit: Million M. Tons (MMT) | | | |
| | FY2020 | FY2019 | FY2018 |
| PARCO | 2.99 | 3.95 | 4.62 |
| Byco | 2.19 | 2.40 | 2.67 |
| NRL | 1.69 | 2.22 | 2.44 |
| ARL | 1.67 | 2.25 | 2.27 |
| PRL | 1.26 | 1.56 | 1.69 |

Byco has consistently ranked as Pakistan’s 2nd highest crude processing company over the course of the last 3 years, with a growing market share.

and Pakistan’s largest Isomerization Unit. In FY2020, Byco refined 2.19 MMT of crude oil, 22.3% of the total crude oil processed in Pakistan (in FY19 Byco refined 2.40 MMT of crude oil, 19.3% of the total crude oil processed in Pakistan). Byco is one of the only two refineries in Pakistan which has converted 100% of its naphtha into gasoline with excess capacity to convert more. In an Extraordinary General Meeting in April 2020, Byco announced the modernization of its refinery to produce Euro V-compliant products.

In December 2012, Byco commissioned Pakistan’s first and only floating liquid port for the import of crude oil, which handles 29% of Pakistan’s annual crude imports today. In the 8 years since its commissioning, Alhamdulillah, Byco has imported approximately 14 million metric tons (MMT) of crude oil through its SPM,

after Keamari and Port Qasim. Byco’s SPM forms a Key Point Installation, which is approved by the Ministry of Defence,

and international petroleum prices in the first half of 2020, Byco remained Pakistan’s second largest petroleum refining

Byco is Pakistan’s only vertically integrated Oil Company. Besides having Pakistan’s largest crude oil refining facility with an installed capacity of 156,000 barrels per day (bpd), Byco has a 41,000 bpd Naphtha hydro treating unit, and an upgrade block consisting of two reforming units of 27,000 bpd and Pakistan’s largest Isomerization Unit.

and is the only facility which has Tier 3 environment and safety arrangements.

In 2020, due to the Covid-19 pandemic, the petroleum industry faced unprecedented demand destruction both in Pakistan and internationally. The lockdowns instituted across Pakistan led to a 55% decline in demand for petroleum prod-

company.

Byco takes all precautions to ensure that no sanctioned supply of crude oil is ever considered for import in to Pakistan. Byco’s KYC procedures are extremely stringent in this regards which ensures that the most credible and reputable suppliers only are entertained by Byco. Byco is the only pe-