



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

FIRST PHASE REVIEW

**ACQUISITION OF % SHAREHOLDING OF M/S PKP KADANWARI
LIMITED FROM M/S KUFPEC PAKISTAN HOLDINGS B.V.**

FILE NO. 1573/MERGER-CCP/2025



**Dr. Kabir Ahmed Sidhu
Chairman**

ORDER

1. On 22nd August 2025, M/s. Petroleum Exploration (Private) Limited (“**PEL**” or the “**Acquirer**”) submitted a pre-merger application (the “**Application**”) before the Competition Commission of Pakistan (the “**Commission**”) in accordance with Section 11 of the Competition Act, 2010 (the “**Act**”). As per the Application, the Acquirer notified its proposed acquisition of % shareholding in M/s. PKP Kadanwari Limited (“**PKPKL**” or the “**Target**”), from M/s. KUFPEC Pakistan Holdings B.V. (“**KUFPEC**” or the “**Seller**”), pursuant to a Share Purchase Agreement executed on 25th November 2024 (the “**Agreement**”).
2. The Application was filed under Section 11 of the Competition Act, 2010 (the “**Act**”) read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 (the “**Merger Regulations**”).

Merger Parties

Acquirer

3. M/s. Petroleum Exploration (Private) Limited is a private company incorporated in Pakistan on 17th June 1994. It operates in the upstream segment of the oil and gas sector, focusing on the exploration, development, and production of hydrocarbons within Pakistan. The company holds several onshore and offshore exploration licenses and development and production leases across different regions of the country. In addition to its domestic operations, PEL has also expanded its exploration activities internationally, including in the Kingdom of Morocco.

Target

4. M/s. PKP Kadanwari Limited, established on 24th August 1987, incorporated under the laws of the Japan, operating in Pakistan through its duly established branch office and is registered with the Securities and Exchange Commission of Pakistan as a foreign company in accordance with the applicable laws. The company is engaged in the exploration and production of hydrocarbons and holds a % working interest in the Tajjal Concession, Khairpur, District of Sindh province.



Seller

5. The Target is a wholly owned subsidiary of M/s. KUFPEC Pakistan Holdings B.V. (“KPHBV” or the “Seller”), incorporated in the year 1999 in the Netherlands as a holding entity. KPHBV forms part of the Kuwait Foreign Petroleum Exploration Company (“KUFPEC”), which is an international upstream investment arm of the Kuwait Petroleum Corporation. KPHBV oversees KUFPEC’s portfolio of oil and gas interests in Pakistan, including shareholdings in entities engaged in exploration, development, and production of hydrocarbons. The company plays an integral role in managing KUFPEC’s strategic investments and energy interests in Pakistan’s petroleum sector.

Transaction

6. Pursuant to the Agreement, the Acquirer has proposed to acquire % shareholding in the Target from the Seller. Post-transaction, the Target will become wholly owned subsidiary of the PEL/Acquirer (the “Transaction”)¹. The value of shares of the Target is USD (approximately, PKR :).

Phase-I Competition Assessment

Procedural Review

7. The Commission, after examining the record, carried out a Phase-I review under Section 11 of the Act read with the Merger Regulations to assess compliance and to consider whether the Transaction was likely to give rise to a dominant position or substantially lessen competition in the relevant market.

Relevant Market

8. In determining the relevant market, the Commission examined the structure of the upstream oil and gas sector with reference to demand-side and supply-side substitution. On the demand side, crude oil and natural gas are not interchangeable, as they serve distinct industrial and consumer purposes and undergo separate refining and processing cycles. On



There are three distinct agreements, each involving a separate undertaking, the Commission notes that three separate pre-merger notifications were required under the Merger Regulations. The present Order pertains to the acquisition of PKP Kirthar B.V., with the remaining notifications to be processed separately *mutatis mutandis*.

the supply side, although both share similar exploration and production frameworks, field-specific conditions and contractual commitments restrict the ability to switch production between them. In view of these characteristics, the Commission defines the relevant product market as the market for the **upstream oil and gas exploration and production**. The relevant geographic market is Pakistan, where competitive conditions are broadly uniform under a centralized regulatory and licensing framework administered by the Directorate General of Petroleum Concessions (DGPC)².

Market Share

9. Based on the industry data³ submitted by the Applicant, the combined post-Transaction market share of the Acquirer and the Target is estimated at approximately % in natural gas market. While, only the Acquirer is active in oil/condensate market with estimated market share of %. The incremental increase resulting from the acquisition is % in natural gas which is negligible and unlikely of altering market structure or competitive dynamics solely because of the current market share.

Competition Analysis

10. The Commission observes that Pakistan's upstream oil and gas exploration and production market is largely dominated by a few established players. In the natural gas segment, companies such as Mari Petroleum Company Limited (MPCL), Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL), United Energy Pakistan Limited (UEP), and MOL Pakistan Oil & Gas Co. (MOL) collectively account for over 90% of total production. Similarly, in the oil and condensate segment, the market is dominated by OGDCL, MOL, UEP, PPL, and MPCL, which together contribute more than 97% of total output. As noted in para 9, PEL operate on a small scale through joint-ventures where the Government or its nominees maintain significant participatory interests.
11. The Commission further observes that although the industry is characterized by high capital intensity and significant technological and geological barriers to entry, these structural features are intrinsic to the sector and do not create exclusionary effects or foreclose potential competitors.

² <https://petroleum.gov.pk/Detail/ZTljOTk5OTAtNTUyZC00ZW4LTg2N2QtYWJkNTAyMzYyOTIx>

³ PPIS (Pakistan Petroleum Information Services) Annual Reports, 2022-2023 and 2023-2024



12. Taking the foregoing into account, the Commission concludes that the minimal overlap in operations and the small incremental market share confirm that the Transaction merely results in a change of ownership rather than an enhancement of market power. The integration of the acquired assets within PEL's portfolio may yield operational efficiencies, promote resource optimization, and support stable domestic production without distorting competitive conditions.

Ancillary Restrictions

13. The Application revealed the presence of certain ancillary restraints within the Agreements, which may require exemption under Section 5 of the Act, read with Regulation 4 of the Competition Commission (Exemption) Regulation 2020. This order is without prejudice to any such requirements.

Determination

14. On the basis of the record and analysis, the Commission concluded that the Transaction does not create or strengthen a dominant position and was unlikely to substantially lessen competition in the relevant market, as provided under Section 2(1)(e) read with Section 11 of the Act and the Merger Regulations. Accordingly, the Transaction is hereby authorized under Section 31(1)(d)(i) of the Act.
15. Notwithstanding the above, matters which may fall outside the scope of the Commission's jurisdiction, remain subject to applicable laws, judicial orders and the oversight of relevant regulatory bodies.
16. It is so ordered.



D. Kabir Ahmed Sidhu
(Chairman)



ISLAMABAD, Oct 24th, 2025.