

Natural Resources in Balochistan: A Critical Analysis

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ABSTRACT

The natural gas from Balochistan's Dera Bugti District has remained the sustenance of Pakistan's industrial growth and domestic consumption for more than six decades. The Saindak and Reko Diq in Balochistan's Chagai District are Pakistan's only active metal mines. The Duddar-Lead Zinc Project in Lasbela District and Bolan Mining Enterprises are also major mineral exploration projects in the province. The abundant natural resources of Balochistan have not translated into an economic bonanza for Pakistan but instead turned into a resource curse for the province in the shape of extreme poverty, under-development, and prolonged internal conflicts. The natural resources and geostrategic location of Balochistan are an economic bonanza for Pakistan. However, at the same time, sub-nationalism and ethnic insurgency have created a severe law and order situation for the local populace and unleashed security challenges for Pakistan. The ethnic insurgency and separatism in Balochistan are the fallouts of longstanding grievances of the Baloch nationalists, which emerged from continued resource exploitation, economic deprivation, and political marginalization. This research explores the hydrocarbon and mineral resources of Balochistan, as well as greed, grievances, resource curses, and sub-nationalism in Balochistan.

Keywords: *Natural Resources, Economic Bonanza, Resource Curse, Resource-Exploitation, Economic Deprivation, Political Marginalization, Sub-nationalism.*

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Introduction

Balochistan is Pakistan's resource-rich province with a substantial wealth of hydrocarbon energy resources and valuable minerals like copper, gold, iron ore, zinc-lead, chromite, magnesite, etc. Still, it is the least developed province, ravaged by a low-level ethnic insurgency. The natural gas from Sui, Dera Bugti, was pipelined out of the province over 70 years ago, but even today, the peripheral and outlying areas of Sui town rely on wood fuel. The gold-and-copper-rich Chagai district displays a gloomy picture of one of the most impoverished districts in Pakistan. The federal government made capital out of Balochistan's natural resources by keeping the province under-developed.

Natural resources are the only primary source of revenue generation for the provincial government of Balochistan, but the federal government still holds 50 percent of the ownership. According to Pakistan's Ministry of Petroleum and Natural Resources, currently, Balochistan produces 17 percent but consumes only 7 percent of the total national gas supply. Out of 32 district headquarters of Balochistan, 13 towns have natural gas facilities, and 59 percent of the urban population is still without essential energy commodities (Deprived Province: 59% of Balochistan Without Natural Gas, 2014). It violates Article 158 of the 1973 Constitution, which states that "the province in which the well-head of natural gas is situated shall have precedence over other parts in Pakistan." The natural gas from Dera Bugti is being supplied to two power plants at Dera Murad Jamali in Naseerabad. Still, the electricity generated from the Uch Power Plant is not provided to Balochistan. Balochistan produces 2,280 MW of electricity for the national grid, but in return, it gets only 700-800 MW, and 56 percent of Balochistan is without electricity (Bengali, 2018). Access to electricity in the province is just 25 percent (Conflict and Insecurity in Balochistan, 2012). The Center has been indebted to the province of Balochistan for siphoning off its natural gas to the rest of Pakistan since the early 1950s. In Balochistan Rights Package, the federal government had promised to transfer 20 percent of shares in the Saindak Project to the province after 2012. Still, it has extended the lease agreement with the Chinese company even without the provincial government's consultation. According to the Director General of the Geological Survey of Pakistan, the cost of the hidden metallic and non-metallic resources is in the multi-trillion, and the mineral deposit of Reko Diq has USD1 trillion (Balochistan is home to the world's most expensive metal, 2017). The Reko Diq Project, once

entangled in international litigation, is still far away from benefiting the local population of the province. Besides the mineral and hydrocarbon resources, Balochistan's around 800 km long coastline along the Arabian Sea in the Indian Ocean laps considerable marine resources for Pakistan. The Baloch natives of the coastal areas have solid grievances concerning exploiting Balochistan's aquatic resources. The province has been perpetually robbed of its natural resources and deprived of its legitimate politico-economic rights, which provoke on and off political uprisings and ethnic insurgencies. Balochistan conflict has multiple factors, but economic factors are its root cause.

Natural Resources

Balochistan has hydrocarbon and mineral resources, including copper, gold, coal, iron, etc. Roughly, Balochistan's gas and oil resources contributed 15-20 per cent of Pakistan's GDP between 1990 and 2005. Only 6 per cent of the province has access to the gas supply (Samad, 2016). The GSP has estimated the total national proven gas reserves as 30 trillion cubic feet, of which 19.3 trillion, including 6 trillion barrels of oil reserves (both on and off-shore), are located in Balochistan (Ensuring Energy Security, 2007). According to Pakistan's Economic Survey, the country has a total potential of 282 trillion cubic feet, and recoverable reserves are 24 trillion cubic feet, with production of almost 4 billion cubic feet per day (Economic Survey of Pakistan, 2013-14).

The GPS has also identified Dera Bugti, Kohlu, Lasbela, Kharan, Kalat, and Panjgur as the province's oil and gas resource-rich districts. Balochistan has different varieties of mineral and other treasurable reserves. The northwestern Chagai District of Balochistan is estimated to have 12.3 metric tons of copper and 650 metric tons of gold. There are around 273 million tons of iron ore reserves and 355 million tons of gypsum deposits in Balochistan. Out of 52 minerals in Pakistan, 41 are being exploited in Balochistan, and nearly 80 per cent of all Pakistani minerals are produced in Balochistan (Ahmed, 2012).

Until the end of the 20th century, Balochistan had made 57 per cent of Pakistan's total coal production. The molybdenum is found in the Tethyan Metallogenic Belt and passes through Greece, Bulgaria, Iran, Afghanistan, and Pakistan's province of Balochistan. The estimated gold

reserves of RekoDiq are 1,275.75 tons, and at Saindak, there are 63.50 tons of gold deposits in addition to 70.59 tons of silver. Lead zinc minerals have been identified in the Khuzdar-Lasbela region. The 60 km long Chamalang coal mines extended over Kohlu, Barkhan, and Loralai districts contain coal reserves ranging from high volatile C bituminous to high volatile a bituminous (Fazl-e-Haider, 2008).

In recent years, 36 new minerals, including a rare metal, molybdenum, have been discovered in different parts of Balochistan. Balochistan’s Marble reserves are 2.5 billion tons, Granite 1.5 billion tons, and Onyx 15-20 billion tons (Khan, 2018). The GPS has also discovered radioactive minerals in the Reko Diq area of Chagai and strategic minerals used to prepare tunnels for nuclear explosions in the Sonmiani area of Lasbela, which are outstanding achievements in the atomic field. The Chagai-Raskoh Magmatic Arch, Chaman-Ornach-Nal Transform Fault Zone, Lasbela-Khuzdar Ophiolites and Melange Zone, and the Zhob-Muslim Bagh-Quetta-Kalat-Khuzdar-Lasbela Sediment hosted Lead-Zinc-Barite-Fluorite Zone are the metallogenic deposits of Balochistan. Many offshore and onshore oil resources are concentrated in the Makran Trench and Flysch Zone along the Arabian Sea. For the first time, the Government of Balochistan has announced its Mineral Policy 2019, which could be helpful in the exploration of its revenue-rich sector. However, it lacks vast resources to invest in its lucrative industry, and the federal government must extend its help to the province.

Mineral Projects in Balochistan

Project	Operating Company	Company Country	Investment (USD)
Saindak Copper-Gold Project	MCC Resources Development Limited	China	350 million
RekoDiq Copper-Gold Project	Tethyan Copper Company Limited	Canada-Chile	220 million
Duddar Lead-Zinc Project	MCC Resource Development	China	110 million

Dilband Iron Ore Project	Bolan Mining Enterprise	PPL and Govt. of Balochistan	Not Available
Barite Khuzdar	Bolan Mining Enterprise	PPL and Govt. of Balochistan	Not Available
Iron Ore Nukkundi	Bolan Mining Enterprise	PPL and Govt. of Balochistan	Not Available
Barite-Lead & Zinc	Bolan Mining Enterprise	PPL and Govt. of Balochistan	Not Available

Source: Made by the author consulting various departments of the Government of Balochistan.

Saindak Copper and Gold Project

The Saindak Copper and Gold Project (SCGP) is located in the mineral-rich Chagai District of Balochistan near Saindak town. It lies in the Chagai-Raskoh Arc, near the Pak-Afghan-Iran borders, and laps the country's largest active copper, silver, and gold mineral wealth. The Geological Survey of Pakistan (GSP) discovered copper reserves in Saindak in 1961, and the U.S. Geological Survey confirmed the existence of copper deposits (Notezai, 2018). Therefore, state-owned Saindak Metals Limited (SML), formerly Resource Development Corporation, was established in 1974. The SML wholly owned the SCGP, but the project remained dormant until General Pervez Musharraf sacked Prime Minister Nawaz Sharif in a military coup in 1999. Later, General Musharraf constituted a cabinet committee on the Saindak project, which recommended the project be given to the Chinese state-owned mining company, the Metallurgical Corporation of China (MCC). Balochistan's former Chief Secretary, Ahmed Bakhsh Lehri, has revealed that the Musharraf government awarded the contract of the Saindak Project to the Chinese in return for developing the Gwadar deep sea port (Lehri, 2019).

On 13th November 2001, under a 10-year lease agreement of over USD350 million, the management and operation of the SCGP were transferred from the SML to the MCC in return for 50 percent profit share and an annual rent of USD0.5 million to the SML over the next 10 years. A yearly royalty of USD 0.7 million was agreed for the Balochistan Government (Khan, 2017). The Saindak is the country's only copper, silver, and gold productive unit. The MCC was

later renewed as MCC Resources Development Company Limited (MRDL). Under the agreement, the MCC, as the operating company, was entitled to 50 percent of the profit from the mineral project, while the Federal Government owns 48 percent shares of the SCGP. The MCC initially paid only a 2 percent royalty of the market price at London Metal to the Balochistan Government. The SCGP is owned by the SML of the federal government, of which the Balochistan government had no share. According to the Mines and Mineral Department of Balochistan, the economically recoverable metals from Saindak deposits are 1.69 million tons of copper, 2.24 million ounces of gold, and 2.249 million ounces of silver (Mineral Reserves in Balochistan, 2018). The annual revenue from the SCGP, based on current production level, is estimated at Rs1300 million. The estimated reserves at Saindak are 412 million tons, copper 0.4 percent with 1.7 million tons, and gold 0.30-0.48 grams/ton. The SCGP is producing 15,672 tonnes of copper blister, 51852 ounces (1.47 metric tonnes) of gold, and 97356 ounces (2.76 metric tonnes) annually (An Overview of Mineral Potential of Pakistan, 2018). The in-situ value of the contained metals is over USD250 billion at the present price (Khan, 2018). The gold is the by-product of copper ore, and the Saindak copper porphyries contain a sizeable amount of gold and silver.

Reko Diq Copper and Gold Project

The Reko Diq, located in Balochistan's most resource-rich Chagai District, is a small mosaic town near Nukkundi Tehsil, some 70 km from Pakistan's border fringe with Iran and Afghanistan. It contains an enormous wealth of copper-gold ore of varying grades. In 1978-79, the GSP discovered vast deposits of copper and gold in the northwest region of the Chagai District. The Reko Diq lies at the eastern periphery of the Tethyan Metallogenic Belt, which is extended from Europe and Asia Minor to Southeast Asia. The mineralized Tethyan Belt covers 7 percent of Earth's surface and spans 33 countries (Schodde, 2014). The agreement signed on 29th July 1993 between the Balochistan Development Authority (BDA) and BHP Minerals International Exploration Inc., as a joint venture agreement called the Chagai Hills Exploration Joint Venture Agreement (CHEJVA) entitled 75 percent interest of the joint venture to the mining company and 25 percent interests to the BDA (Fazl-e-Haider, 2013). However, the mining work could not start until 2000 when BHP Minerals Inc. entered into an Alliance Agreement with another Australian mining company, Mincor Resources. Thus, the Tethyan

Copper Company (TCC) was established and incorporated in Australia to control and finance exploration work at the Reko Diq. In April 2006, the 100 percent shares and exploration rights of the TCC were jointly bought by Antofagasta, a Chilean company, and Barrick Gold Corporation of Canada (Khan, 2019). As per the feasibility report, the life of the Reko Diq mine project is 56 years, during which the Balochistan Government will get an estimated annual revenue of USD110.8 million and a total of USD6.20 billion over 45 years. Reko Diq's ground value, at the current London Metal Exchange rates, is USD230 billion, and after recovery, the revenues will be at USD184 billion and a total profit of USD110 billion, excluding operating costs of around USD74 billion, in 50 years of its mining life (Sehbai, 2017). Reko Diq has one of the world's largest copper deposits and is probably amongst the 10 largest deposits. It holds estimated mineral reserves of 5.9 billion tons of ore with an average grade of 0.41 percent copper and 0.22 g/ton of gold (Reko Diq Resources, 2018).

In 2006, Maulvi Abdul Haq Baloch, a former MNA from Turbat, challenged the relaxation of Balochistan Mining Concession Rules 1970, the legality of novation of the CHEJVA in the Balochistan High Court. The petitioner appealed to the Supreme Court of Pakistan after the BHC dismissed his petition. In late 2009, while the Reko Diq case was sub-judicious at the Supreme Court of Pakistan, the provincial government under then Chief Minister Nawab Aslam Raisani decided to review the lease agreement of the Reko Diq copper-gold project to the BHP Minerals Inc. Meanwhile, on 28th November 2011, the TCCP, M/s Tethyan Copper Company Pvt. Limited of Australia (TCCA), moved to the international arbitration forum, the International Center for Settlements of Disputes (ICSID) of the World Bank in the Washington D.C. against Pakistan Government for breaching an obligation under the Australia-Pakistan Treaty on the Promotion and Protection of Investments (1998) and sued Pakistan on the quantum of USD11.31. In January 2013, then Chief Justice of Pakistan, Iftikhar Chaudhary, declared the contract between the Balochistan government and TCC null and void. The ICSID imposed a USD 5.976 billion penalty on Pakistan in its 700-page verdict announced on 13 July 2019. (Pakistan slapped with \$6 billion penalty in Reko Diq case, 2019)

However, with the backing of the Federal Government and other stakeholders, the Balochistan Government agreed to re-negotiate and revise the Reko Diq project, and the final deal with the Canadian mining giant Barrick Gold and its Chilean partner Antofagasta was signed after 10

years of legal battle in December 2022 with little more transparency. Under the revised agreement, Barrick will get half the project ownership, and the remaining 50 percent shares will be equally divided between Balochistan province and the federal government. Under the agreement, Antofagasta will exit the project after paying USD900 million to Islamabad (Reko Diq agreement, 2022). The nationalist parties of Balochistan have rejected the revised agreement and expressed their concerns. Nonetheless, the Balochistan Government is in a more advantageous position under the revised agreement. Still, the benefits of this copper and gold project are yet to materialize for the local population by creating jobs and uplifting the social sector.

Sui Gas Field

Pakistan's largest natural gas field was discovered in the Sui area of Dera Bugti in 1953. It was pipelined to other provinces for industrial and domestic purposes. At the same time, the inhabitants of Sui, Dera Bugti, and the rest of Balochistan were kept deprived, engendering a sense of resource exploitation, economic deprivation, and political marginalization. The gas field operated by Pakistan Petroleum Limited (PPL) started exploration in 1955, and between 1955 and 69, Balochistan's average share of gas output at the national level stood at 91 percent. In 1994/95, Balochistan produced 335 billion cubic feet (56 percent of total national output), and a decade later, in 2004/05, the production declined to 336 bcf, 25 percent to the national input (Balochistan Economic Report: From Periphery to Core, 2008). Currently, the production has further declined to 20 percent. With 12,038 billion cubic feet, it hosts Pakistan's most significant gas compressor station and a purification plant, and presently, 88 wells are producing around 418 MMcf of gas per day. As Balochistan's share is falling, the gas extraction from Sui continues to rise at an accelerated pace from 1,535 million metric cubic feet (MMCF) in 1955 to peak production at 387,368 MMCF in 2001 (Bengali, 2017). In the early 1990s, the extraction rate reached around 14 billion cubic meters (bcm), from 9.3 bcm in 1992 to 1.3 bcm in 1970 (Rogers, 1994).

Natural Gas Fields in Balochistan

Gas Field	Discovered	Operating Company	Production (MMcf)/day	Recoverable Reserves (tcf)
Sui	1952	PPL	418	12.7
Uch	1955	OGDCL	220	5.0
Pirkoh	1975	OGDCL	150	1.60
Loti	1985	OGDCL	50	0.3
Zarghun	2002	Mari Petroleum Ltd.	4.0	0.1
Jhal Magsi	2003	OGDCL	15	NA

Source: Oil and Gas Development Company, Pakistan Petroleum Limited, 2018.

The Sui gas field was leased to the PPL on June 1, 1955, for 30 years under the Pakistan Petroleum Production Rules of 1949, and on June 1, 1985, the mining lease was extended for another 30 years up to 31st May 2015. The federal and provincial governments were at loggerheads over renewing the expired lease for almost a year. The Ministry of Petroleum and Natural Resources and the Government of Balochistan signed a Memorandum of Agreement (MoA) on May 20, 2016, which extended the PPL lease for another 10 years with retrospective effect from June 1, 2015, under the Petroleum policies of 2012 and 2013. Before the MoA, the PPL continued gas production from the gas field despite a strong protest from the provincial government, contrary to the 18th Constitutional Amendment that gives equal rights to both centers and provinces over natural resources. Article 172 (3) states, “Subject to the existing commitments and obligations, mineral oil and natural gas within the province or the territorial waters adjacent thereto shall vest jointly and equally in that Province and the Federal Government.” The MoA converted the previous mining lease into a joint Developing and Production Lease under which the wellhead price of the Sui DPL has been increased from 50 pc to 55 percent, including an additional 10 of the wellhead value to be paid by the PPL as a lease extension bonus to the provincial government. The MoA allows the PPL to invest Rs20 billion in exploration activities in Balochistan during the 10-year lease (Fresh Sui gas agreement, 2017).

Bolan Mining Enterprises

Bolan Mining Enterprises (BME), a joint project of the Pakistan Petroleum Limited (PPL) and the Government of Balochistan based on a 50/50 partnership, was started on June 1, 1974. Currently, the BME is working on four mining projects in Balochistan: Barite in Khuzdar, Iron Ore in Nukkundi, Iron Ore in Dilband, and Barite-Lead and Zinc in Khuzdar (Production and Exploration, 2018). The PPL was granted the mining rights of barite mineral deposits at Gunga near Khuzdar and other minerals in the province for 30 years, which was renewed in 2004 for another 30 years. The Gunga site has proven reserves of 1.28 million tons. The Barite was discovered in Gunga, Khuzdar, and a 300 km long Khuzdar-Lasbela belt hosts reserves of around 11 million tons and inferred deposits of 40 million tons (Siddiqui, 2016). Barite is used in textiles, papers, plastics, paints, rubber, glass manufacturing, cosmetics, medicine, and for value addition in cars' and electronic applications. The BME produces 150,000 tons of barites annually, which meet the 90 percent requirements of the oil and gas exploration industry of Pakistan, and the surplus barites are exported to Europe, the U.S., Asia Pacific, and the Middle East.

In addition, the BME also mines iron ore in the Kalat District's Dilband region, the Kalat District's Nukkundi tehsil of Chagai District, and Zinc-Lead minerals in Khuzdar District. According to the estimates of the PPL experts, there are 50 million tons and 200 million tons of iron ore deposits in No Kkundi's Chigendik and Pachinko areas and Dilband, respectively. Dilband is a mountain range in the Sarawan region of the Kalat District. The lead-zinc reserves of Khuzdar are estimated to be 80 million. The massive reserves in Dilband were discovered by the GSP in 1998, and at the present global prices, the in-situ value of the contained metal is USD 24 billion. In 2003, Pakistan Steel Mills and BME signed an agreement to use 100,000 tons of indigenous iron ore from Dilband deposits. Like the SCGP, the BME has done nothing noticeable for the socio-economic development of the local population in its mining areas.

Duddar Lead-Zinc Project

The Duddar Lead-Zinc Project in Balochistan's Lasbela District is one of the largest mineral reserves in Pakistan. The geological surveys have identified the Jurassic rocks of the Lasbela and Khuzdar belt as world-class zinc-lead ore deposits. In December 1993, a mining area of 1500 acres at Duddar was granted to Pakistan Mineral Development Corporation (PMDC). The PMDC, on March 22nd, 2002, signed a MoU with the MCC, and later, on November 3, 2003, an agreement was signed between the PMDC and MCC for the development of the Lead-Zinc project. The MCC is now known as MRDL. The 14-year deal signed for the development of the Duddar Lead-Zinc Project in Lasbela is a joint venture of the MRDL (75 percent shares), PMDC (12.5 percent shares), and Balochistan Development Authority (12.5 percent shares). The Duddar mine has estimated reserves of 50 million tonnes of ore grading 7 percent zinc and 3.2 percent lead, which could have 3.5 million tons of zinc and 1.6 million tons of lead (Mineral Deposits of Pakistan, 2012).

The mine is managed and operated by MCC Duddar Minerals Development Company Pvt. Limited, which is a consortium of three companies: MCC (51 percent share), Hunan Zhuzhou Non-ferrous Metals Smelter Co. Ltd. (34 percent shares) and Hunan Huangshaping Lead and Zinc Mines Co. (15 percent shares). The project produced 24,602 tons of lead Zinc-leaf metal in 2010-11, worth USD14.78 million, of which Balochistan received only USD1.84 million (Year Book, 2010-11). The MCC has also done nothing to uplift the socio-economic livelihood of the local people in surrounding areas.

Politics of Natural Resources

A causal relationship persists between natural resources and internal conflicts in different countries and regions. The politics of natural resources in Balochistan has generated a debate about the resource curse, also known as the paradox of plenty or the Dutch disease, which talks about natural resource abundance and the failure of countries to utilize those resources fully for public welfare. The resource curse theory states that resource abundance creates and sustains high rates of internal conflicts and faces under-development. Natural resources have both positive and negative effects. On the positive side, it can generate economic activity, but on the negative side, it results in dependence and rentier ethos. The natural resources of Balochistan have contributed to industrial growth in Pakistan's most populated provinces. Still, within

Balochistan, the natural resources have given rise to sub-nationalism and ethnic insurgency owing to the exploitative and extractive approach of the federal government. Many believe that the natural resources of Balochistan have been a blessing for the federal government but a curse for the province. The state expropriation of Balochistan's natural wealth and its failure to use this natural wealth to develop the province are the key drivers of contemporary insurgency (Tariq, 2014).

The nationalists' grumbles were reasonable when their natural resources were kept as federal subjects under the 1973 Constitution, while those of the other provinces were kept as provincial subjects. Under the 18th Amendment, provinces have been given 50 percent ownership over their natural resources, which were hitherto exclusively under the federal government. Clause (2) of Article 172 of the Constitution has been amended as follows, "All lands, minerals, and other things within the continental shelf or underlying the ocean beyond the territorial waters of Pakistan shall vest in the Federal Government." The 18th Amendment changed Clause 3 of Article 172 of the 1973 Constitution for joint ownership and management of oil, gas, and other minerals, which says, "subject to the existing commitments and obligations, mineral oil and natural gas within the province or the territorial waters adjacent thereto shall vest jointly and equally in the Province and Federal Government." The amended Article 38 (g) of the Constitution says, "The shares of the Provinces in all federal services, including autonomous bodies and corporations established by, or under the control of, the Federal Government, shall be secured and any omission in the allocation of the shares of the Provinces in the past shall be rectified." The said Amendment expanded the role of the CCI. Under Articles 154 and 157, the matters within the Legislative List-II fall in the domain of the CCI, which is the highest form of conflict resolution between the Centre and the federating units. The historic amendment also changed the composition of the NEC, which reviews the country's overall economic condition, and the new composition includes provincial representations.

Balochistan's Share in Gas Production and Consumption (1955-2014)

Year	Production	Consumption					
		Total	Domestic	Commercial	Power	CNG	Industrial
1955-69	91.3%	0	0	0	0	0	0
1970-82	84.2%	0	0	0	0	0	0
1983-93	68.2%	2.2%	NA	NA	NA	0	NA
1994-00	48.7%	2.2%	5.2%	2.4%	3.3%	0	0.1%
2001-04	37.5%	7.5%	4.8%	2.0%	16.6%	0.1%	0.1%
2004-14	20.8%	7.1%	4.0%	1.8%	19.9%	0.6%	0.1%

Source: Kaiser Bengali, *A Cry for Justice: Empirical Insights from Balochistan*, (Karachi: Oxford University Press, 2018).

Province Wise Oil and Gas Production (2014-15).

Province	Oil (Barrels)			Gas (Million Cubic Feet-MMCF)		
	Total Oil Produced	Average Oil Produced	Oil	Total Gas Produced	Average Daily Gas Produced	Gas
Balochistan	38,785	106	0.11%	298,800	819	20.39%
KPK	16,279,020	44,600	47.19%	131,207	359	8.90%
Punjab	5,116,799	14,019	14.83%	51,353	141	3.51%
Sindh	13,055,449	35,768	37.85%	984,401	2,697	67.15%
Total	34,490,053	94,493		1,465,760	4,016	

Source: Question 138: Questions for oral answer and their replies at 124th Session, Islamabad, National Assembly Secretariat, August 3, 2015.

Gas Supply to the Industrial Units of the Provinces

Province	Industrial Units	Current Actual Supply (MMCFD)	Share (%)
Balochistan	60	08	0.81
KPK	234	36	03.68
Punjab	3,120	238	24.33
Sindh	4,100	696	71.16
Total		978	

Source: 123rd Session of the Senate of Pakistan, Question No. 146.

Employment Figures in Sui Southern and Sui Northern Companies

Province	Number of Employees	Share in Percentage
Punjab	5,454	47.0%
Sindh	3,613	31.11%
KPK	2,193	18.88%
Balochistan	353	03.0%
Total	11,613	

Source: Mohammad Ali Talpur, "Rationalizing exploitation and atrocities," *Daily Times*, August 17, 2013.

Gas Field Wellhead Prices in Pakistan (Rs/MMBTU)

Province	Gas Field	Price	Average Price
Balochistan	Sui	47.40	66.34
	Pirkoh	75.82	
	Loti	75.81	
Punjab	Punjpir	222.97	162.93
	Rotana	188.06	
	Dhodak	77.77	
Sindh	Qadirpur	137.86	142.57

	Kandanwari	181.26	
	Badin	108.61	

Source: Mohammad Ali Talpur, “Rationalizing exploitation and atrocities,” *Daily Times*, August 17, 2013.

The renewal of the Sui Gas Field Lease is contrary to the Petroleum Policy of 2012, which states that the production period of a lease may be renewed for five years through a formal bidding process amid pre-qualified companies to be held before one year of the end of the lease term (Petroleum Exploration and Production Policy, 2012). The PPL’s 100 percent ownership of the Development and Production Lease violates the Petroleum Policy 2012 and Article 172 (3) of the Constitution. According to Article 4.1.3 (6) of the Petroleum Policy of 2012, “there shall be a working interest of 5% on a full participation basis, i.e., 2-1/2% each of GHPL [Government Holding Private Limited] Provincial Government Holding Company shall have options to accept the participating working interest.” The PPL will pay 10 percent of the wellhead value as a lease extension bonus to the Balochistan government instead of 15 percent as approved by the Petroleum Policy 2012.

Gas royalty from Sui Gas Filed has always remained a conflict between the center and the province. According to former Senator Sanaullah Baloch, Balochistan produces USD 1.4 billion worth of gas annually but receives only USD 116 million in royalties (Baloch, 2010). The extent of injustice could be measured by the arrears of Rs120 billion in gas development surcharge outstanding since 1955, which, as per the 7th National Finance Commission (NFC) Award, are to be paid in annual installments of Rs 12 billion even though Balochistan has provided around Rs7.6 trillion to the federal government since 1955. Such stark socio-economic injustice has resulted in genuine political and economic grievances, which eventually exploded into revolt and rebellion in early 2005 when the tribal force of Nawab Akbar Khan Bugti allegedly attacked the Sui gas plant with rockets and mortar rounds, starting the fifth ethnic insurgency in the province, which survives till to date.

In 2012, the lease contract of the project was further extended for 5 years till 31st October 2017. The Federal Government extended the lease contract to the MCC until 31st October 2022 after the Balochistan Government issued a no-objection certificate with the same conditions as the

second lease agreement signed in 2012. The Saindak project lease was extended for another 15 years in February 2022, under which the share of the federal government (SML) was increased to 53 percent, and the royalty of the Balochistan government was increased from 5 percent to 6.5 percent of the sales revenues (Saindak project lease extended for 15 years, 2012). As per the recommendation of the *Aghaaz-e-Huqooq Balochistan Package* (2009), the Balochistan Government receives royalty at 5 percent of sale proceeds and 60 percent profit share from the earnings of the Saindak Metals Limited/Government of Pakistan. The MRDL owns 50 percent of profit shares, the Balochistan Government bags 35 percent, and the federal government gets 15 percent. In addition, the Balochistan Government also receives a 6.5 percent royalty over the SCGP.

Article 28 of the *Aghaaz-e-Huqooq-e-Balochistan Package* asks for the Federal Government to provide 20 percent of its 30 percent shares in the project and says that “on completion of the project and when the foreign company [MCC] withdraws the project shall be owned exclusively by the province.” After the passage of the 18th Constitutional Amendment, the Saindak Project should have been handed over to the provincial government, but it has not been yet, which is a sheer violation of Article 172 (3) of the 1973 Constitution. The province was assured of taking over the project after the last five-year lease agreement had expired. Still, the federal government extended the lease contract for a fourth time for another five years, even though it was not its constitutional right. However, the contract terms are often criticized by the political parties in Balochistan for being unfavorable to the province.

According to late Senator Mir Hasil Bizenjo, in the first meeting of the Council of the Common Interests in 2014, the Center refused to transfer the ownership of the project's parent company, the SML, to the province as long as the extended agreement between China and Pakistan remains intact. The Balochistan Government owes the Center Rs. 29.2 billion before transferring the Saindak project to the province, which is the actual hurdle (Saindak Copper & Gold Project, 2014). Former Senator and the leader of BNP, Sana Baloch, has challenged the extension lease of the SCGP in the Balochistan High Court in which he contended that the mining lease of 1974 was concerned with copper only and there was no mention Gold, which the MCC is extracting illegally. Despite being Pakistan's most mineral-rich district, Chagai is one of the poorest areas of Balochistan. Chagai is the largest district of Pakistan, comprising 5 percent of Pakistan's total

landmass. It shares a 500 km border with Afghanistan and a 325 km border with Iran. For example, the Nukkundi UC of mineral-rich Chagai district accounts for 2 percent of Pakistan's territory, but its annual budget was Rs. 105,000 (Lehri, 2019). The lease agreement between the SML and the MCC has a corporate social responsibility provision, which ensures the mining sector's contribution to the empowerment and uplifting of local communities. The MRDL claims to have spent over Rs.800 million on corporate social responsibilities, such as health facilities, water supply, power supply, health facilities, roads, and technical training. Millions of dollars are being earned from the copper, gold, and silver resources of Saindak, but the local people of the town of Saindak are deprived of the benefits of their treasure. Thus, the benefit from SCGP for the rest of Balochistan is a distant dream.

Despite occupying a vast and resourceful landmass, Balochistan is much behind other provinces in terms of socio-economic development. The federal government has siphoned off its natural resources to develop different provinces, but the natives of Balochistan have remained backward and downgraded. This perpetual resource exploitation and economic deprivation have generated a sense of political marginalization and radicalization among the Baloch youth. Today, Balochistan finds itself at the epicenter of extremism, terrorism, and separatism. The radicalization, extremism, terrorism, and separatism approach in the youth of Balochistan have turned out to be significant security challenges for Pakistan.

Conclusion

The ordinary people of Balochistan understand that they have been robbed of their natural resources, and now, again, their coast and untapped treasure are being robbed of. They complain that the natural resources of Balochistan have been exploited by the federal government without providing any tangible incentive or benefit to the province. Their grievances are justified when the inhabitants of Dera Bugti are deprived of gas supply, which passes across their villages to the cities and factories of other provinces of Pakistan. The natural resources of Balochistan have further enhanced its geopolitical and geo-economic value in regional power politics as its natural resources are somehow linked to the ongoing ethnic insurgency. Despite the 18th Constitutional Amendments, the 7th NFC Award, and the Aghaaz-e Huqooq-Balochistan Package, the ongoing insurgency has spread all across the province, which is still relentless in subsiding in its

southwestern parts. The political promises and foregoing legal pacts have not been fully fulfilled yet.

Balochistan's geo-economic prospects like Gwadar Port, Reko Diq, and other natural resources and energy and trade transit routes are yet to be fully exploited in an all-inclusive, just, and acceptable resource distribution model among the provinces. The geopolitics of Balochistan could only be turned into geo-economic opportunities once the security challenges are adequately addressed by ending the sense of resource exploitation, economic deprivation, and political marginalization among the Indigenous inhabitants. Under the *Aghaaz-e Huqooq-e Balochistan Package*, the federal government was bound to transfer 20 percent of its Saindak Project share to the provincial government in 2012. Still, instead of transferring its shares to the province, the central government extended the expired lease agreement without the provincial government's consent. The disputable lease-extension agreements of the Sui Gas Plant and the Saindak Project should be revoked and reviewed. The revised agreement of Reko Diq should benefit the ordinary people of District Chagai, Rakhsan Division, and then the entire Balochistan by providing jobs, health care, technical education, road infrastructure, clean drinking water, and other essential civic services. Fair and equitable distribution of resources is the core principle of federalism. Balochistan province should be given its due rights and constitutional control over the natural resources.

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