

**PAKISTAN ENERGY INDUSTRY**

# **OIL MARKETING COMPANIES**

## **Fire at the Gate**

**February 2026**

*Issued on 1 March 2026*



**MOUNTAIN  
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# OIL MARKETING COMPANIES IN PAKISTAN

## EXECUTIVE SUMMARY

**February 2026** volumes at **1.17 million MTs** were **~12% higher** than **February 2025**, demonstrating solid volume growth and continued demand momentum. On a **YTD basis**, total sales of Gasoline, Gasoil, and Hi-Octane reached **2.5 million MTs** in Jan-Feb 2026 **vs 2.3 million MTs** in Jan-Feb 2025, representing a **~9% increase**. Volumes declined month-on-month from January 2026, largely reflecting February's shorter calendar. **Flow (>3x)** and **Puma (>2x)** delivered standout growth year-on-year, while **GO-Aramco was the only major player to fall below its February 2025 volumes**, driven primarily by weaker Gasoil performance.

On the regulatory front, the **Lahore High Court** ruling reinforced a hardening compliance environment, with **district-level enforcement powers confirmed as independent of OGRA oversight**, creating dual accountability across the retail network. Meanwhile, **OGRA's ATG digitisation mandate across 12,000+ outlets** accelerated in February, though the consultation request warrants careful OMC engagement.

The proposed **White Oil Pipeline extension** (Machhike–Peshawar/Tarru Jabba, \$375 million) continued to **attract scrutiny for its dollarised returns and ship-or-pay structure**, structural parallels to the IPP sector that the Government would do well to avoid repeating.

The most significant development for Pakistan's oil supply chain, however, is unfolding as this report goes to print. On 28 February 2026, the US and Israel launched **coordinated strikes on Iran**, triggering **Iranian retaliatory missile attacks across the Gulf, targeting US military assets**. The IRGC has announced the closure of the Strait of Hormuz to tanker traffic, though the full extent and duration of any disruption remains uncertain at time of print. Analysts estimate a **sustained disruption** could push **Brent crude to \$120–130/barrel**, with **some scenarios** projecting **\$180–200/barrel** under prolonged closure.

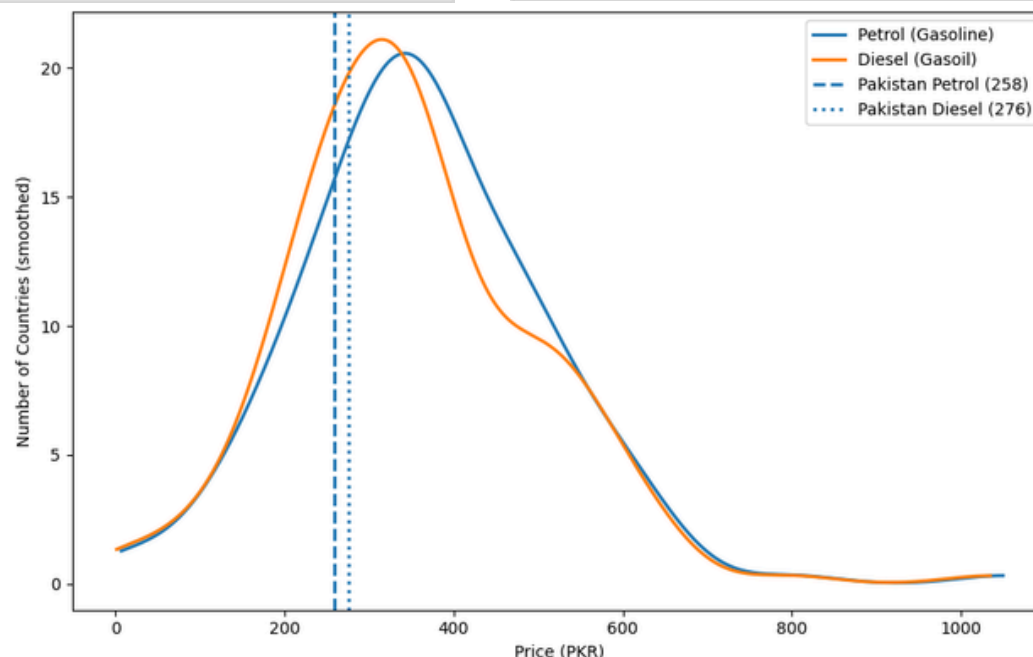
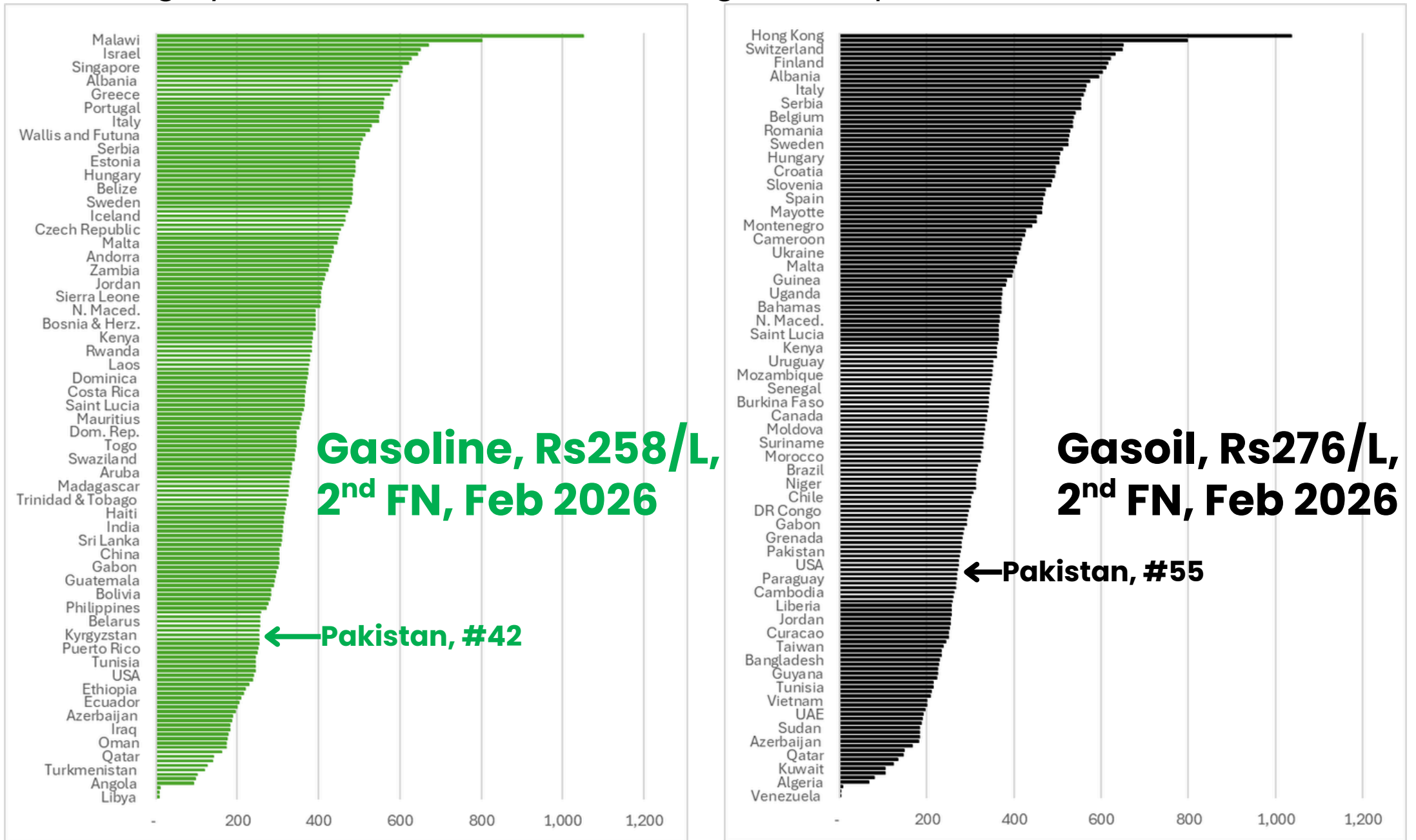
For Pakistan, the implications are acute. With ~67% of gasoline and ~37% of gasoil sourced through imports – predominantly routed via Gulf shipping lanes – any sustained disruption to Hormuz transit would tighten supply availability, push up import costs, and place significant pressure on the Government. The situation remains fluid and we will issue a separate note if warranted.



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## GLOBAL COMPETITIVENESS

In **February 2026**, Pakistan dropped its rank to **42<sup>nd</sup>** (**40<sup>th</sup>** in Jan 2026) out of **170 countries for gasoline** prices and **55<sup>th</sup>** (**47<sup>th</sup>** in Jan 2026) out of **169 for gasoil**. Fuel prices remain in the lower global range, with gasoline around the 25th percentile and gasoil near the 30th percentile, meaning roughly 70–75% of countries have higher fuel prices than Pakistan.

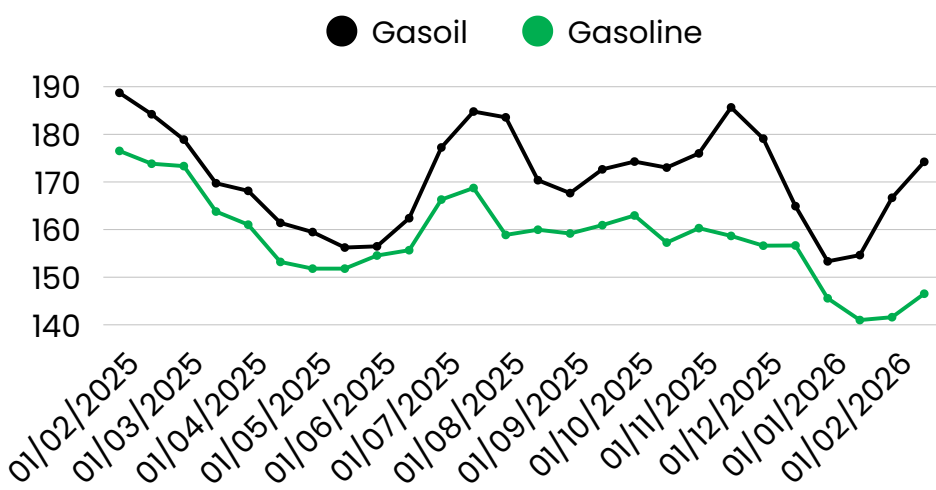


# OIL MARKETING COMPANIES IN PAKISTAN

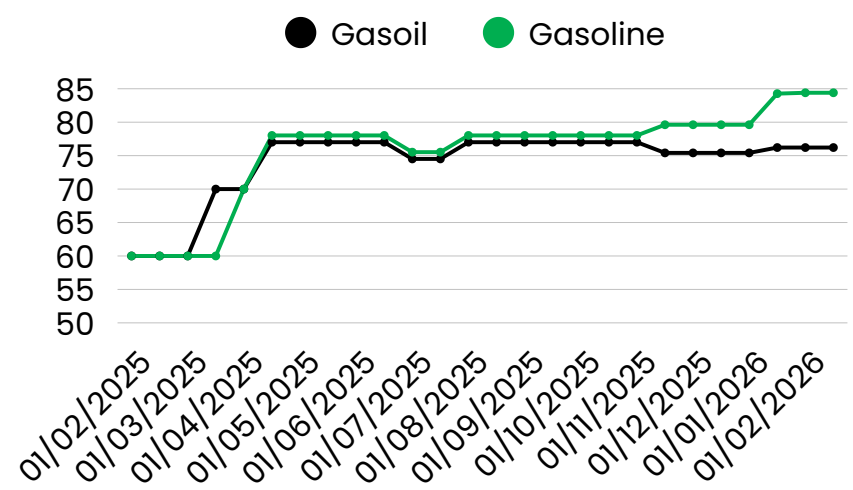
## GASOLINE & GASOIL PRICE TRENDS

Gasoline was priced at PKR 258/L and Gasoil at PKR 276/L in the 2nd Fortnight of February 2026. The main movements during the year resulted from fluctuations in international prices and adjustments to Freight (IFEM) by the Government.

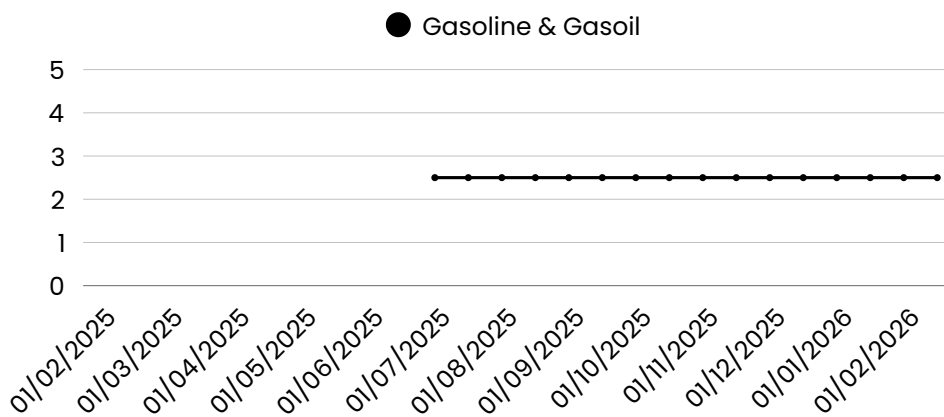
Ex-Refinery Prices (Rs/L)



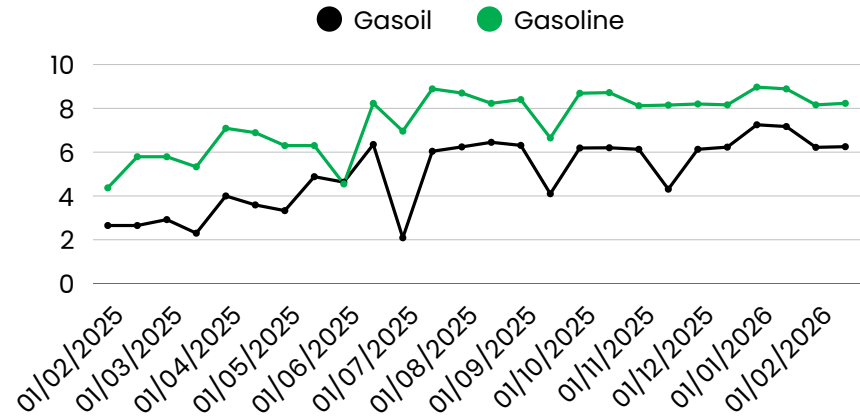
Petroleum. Dev. Levy (Rs/L)



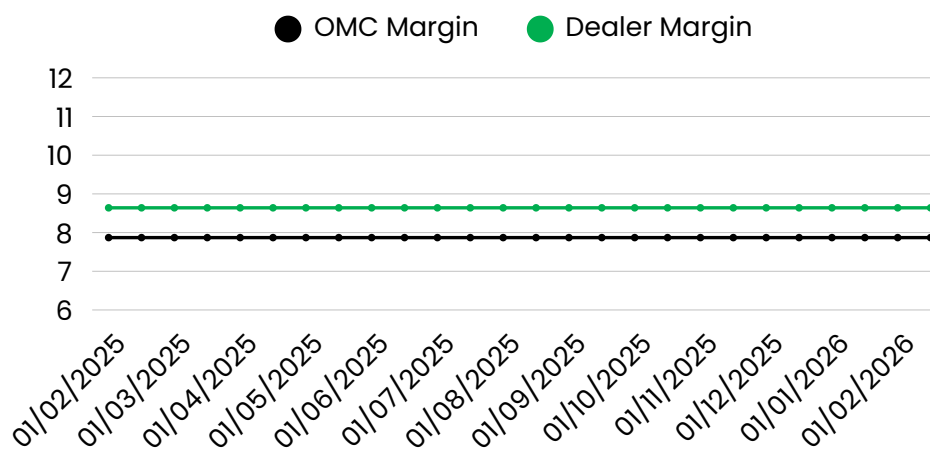
Climate Support Levy (Rs/L)



IFEM (Rs/L)



OMC & Dealer Margins



Data: OGRA, OCAC, Mountain Ventures Analysis.



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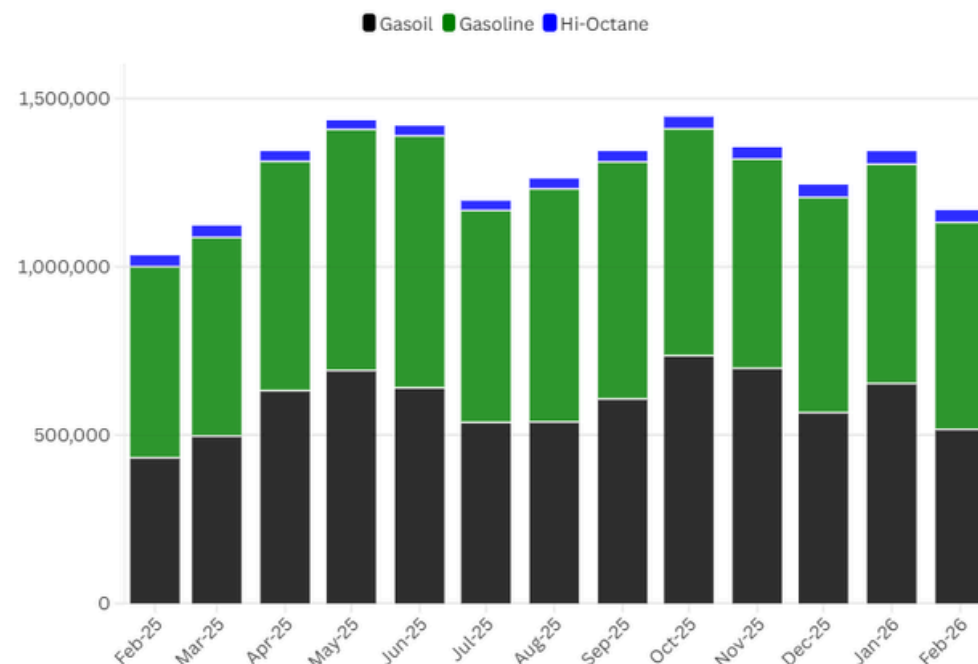
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## SALES & PRODUCT SPLIT

(‘000MTs)

Feb 2025	Products	Jan 2026	Feb 2026
34	Hi-Octane	39	36
568	Gasoline	651	615
433	Gasoil	653	517
1,035	Total	1,343	1,168

Jan-Feb 2025	Products	Jan-Feb 2026
66	Hi-Octane	75
1,203	Gasoline	1,266
1,042	Gasoil	1,170
2,311	Total	2,511



Data: OCAC, OGRA, OMCs, and Mountain Ventures estimates. Some numbers differ slightly from previous month's report due to updated numbers provided by OMCs. **Please note that, for the reported month, Mountain Ventures has estimated some numbers due to lack of timely availability of data, particularly from OMCs that are not members of OCAC.**



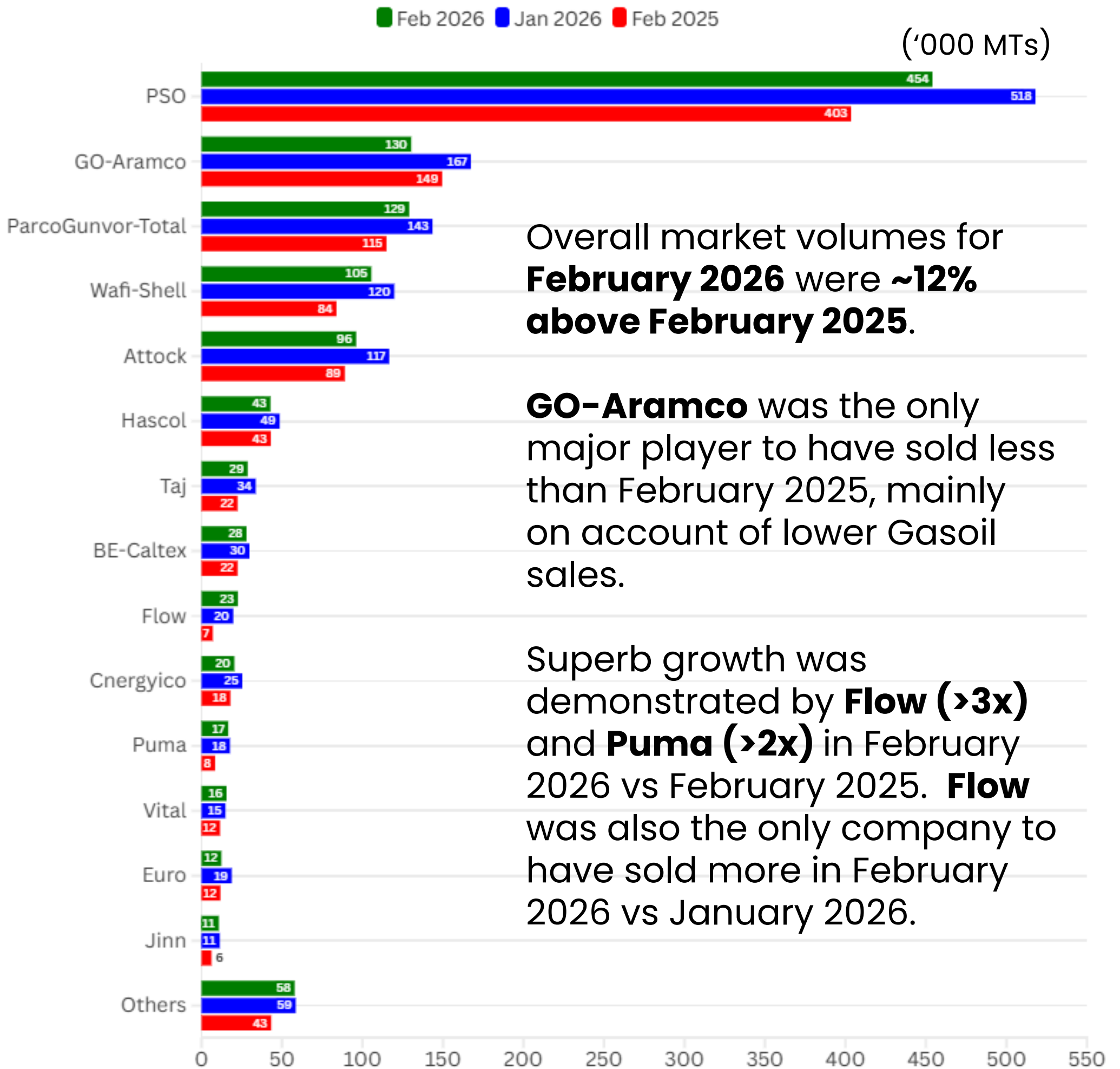
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# OIL MARKETING COMPANIES IN PAKISTAN

## FEBRUARY 2026 PERFORMANCE

### GASOLINE, GASOIL, HI-OCTANE VOLUMES



Overall market volumes for **February 2026** were **~12% above February 2025**.

**GO-Aramco** was the only major player to have sold less than February 2025, mainly on account of lower Gasoil sales.

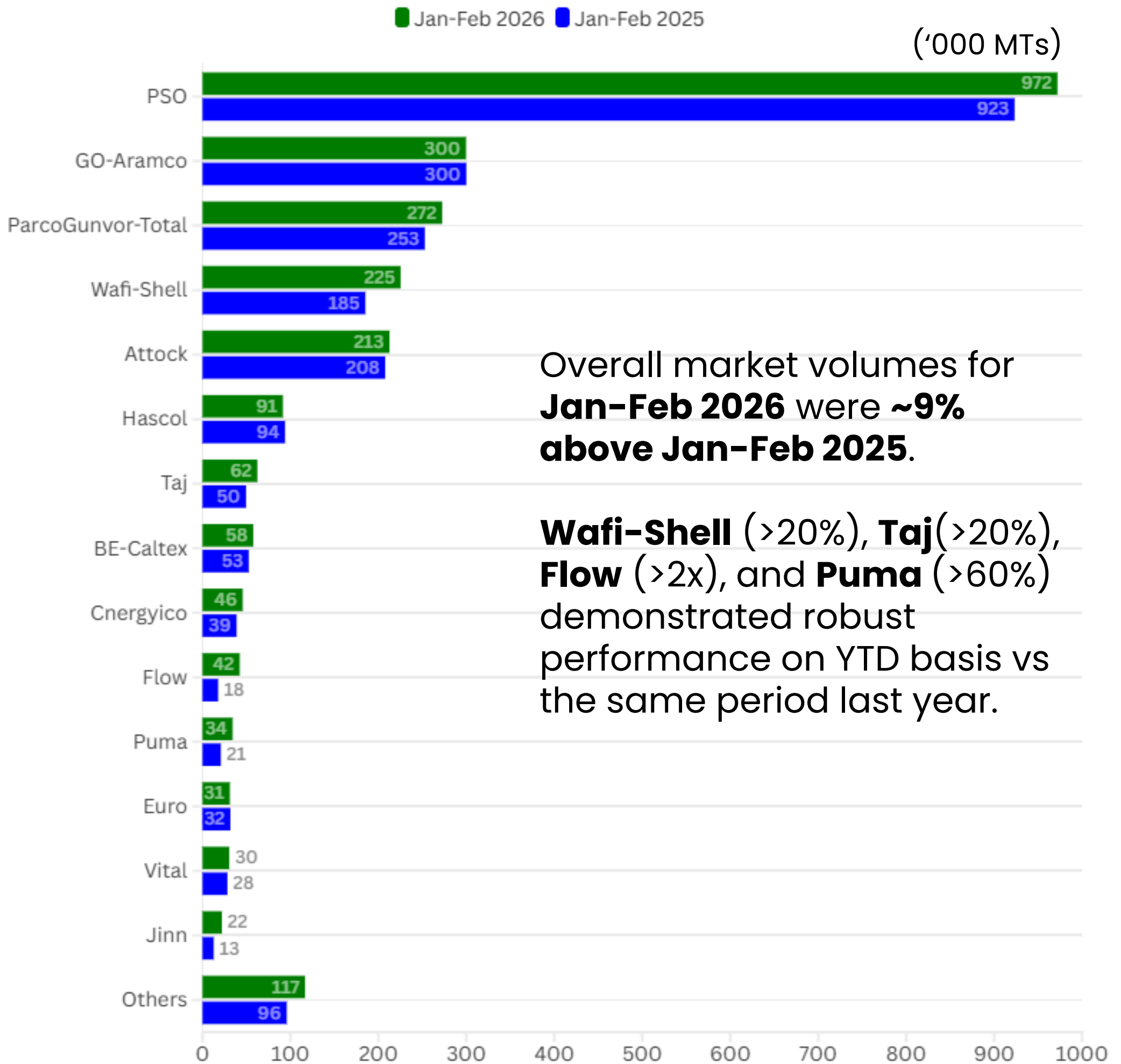
Superb growth was demonstrated by **Flow (>3x)** and **Puma (>2x)** in February 2026 vs February 2025. **Flow** was also the only company to have sold more in February 2026 vs January 2026.



# OIL MARKETING COMPANIES IN PAKISTAN

## YTD FEBRUARY 2026 PERFORMANCE

### GASOLINE, GASOIL, HI-OCTANE VOLUMES



Overall market volumes for **Jan-Feb 2026** were **~9% above Jan-Feb 2025**.

**Wafi-Shell (>20%), Taj (>20%), Flow (>2x), and Puma (>60%)** demonstrated robust performance on YTD basis vs the same period last year.

Data: OCAC, OGRA, OMCs, and Mountain Ventures estimates. Some numbers differ slightly from previous month's report due to updated numbers provided by OMCs. **Please note that, for the reported month, Mountain Ventures has estimated some numbers due to lack of timely availability of data, particularly from OMCs that are not members of OCAC.** Others include OMCs with Gasoline, Gasoil, and Hi-Octane volumes of less than 10K MTs for the month (est.).



# ENFORCEMENT CLARITY?

In early February 2026, the Lahore High Court ruling reinforced a hardening regulatory stance in Pakistan's downstream fuel market, where compliance risk is shifting closer to the retail outlet rather than remaining an OMC-only issue.

- **Operational impact on OMCs:** While licensing delays are often driven by OMC processes, the ruling makes it clear that retailers bear the ultimate risk of non-compliance, increasing pressure on OMCs to:
  - Tighten dealer onboarding and monitoring
  - Accelerate storage licence processing
  - Re-evaluate weak or non-compliant dealer networks
- **Fragmentation vs consolidation:** Smaller, under-capitalised dealers are now more exposed to enforcement action, reinforcing the trend toward:
  - Network rationalisation
  - Exit of marginal operators
  - Greater advantage for well-capitalised OMCs with stronger compliance frameworks
- **OGRA vs local enforcement clarity:** The judgment removes ambiguity around enforcement overlap, confirming that OGRA oversight does not dilute district-level powers. This effectively creates dual accountability, raising compliance costs but also improving enforcement effectiveness.

**Regulatory compliance is no longer procedural**, it is becoming a **competitive moat**. OMCs with **robust governance, digitised dealer oversight**, and strong regulator relationships are structurally better positioned as enforcement intensity increases.



# SOLVENT MIXING : NOT A NEW CRISIS

PPDA has called for a crackdown on alleged diversion and mixing of solvent oil into gasoline and gasoil, positioning it as a quality, consumer protection, and revenue leakage concern.

### Why this matters

- Trust & quality: Even localized adulteration stories erode confidence in the broader retail fuel channel.
- Competitive distortion: In a regulated pricing market, “quality games” become an unfair margin lever vs compliant operators.
- Fiscal leakage: Differential tax treatment plus weak chain-of-custody creates a persistent incentive for diversion.

The issue is real and should be addressed. But it’s not new, this is a recurring control gap, not a sudden system-wide crisis (PPDA is leaning into the drama). The solution is targeted controls, not blanket crackdowns that often create noise and selective pressure at retail.

### Effective enforcement

- Chain-of-custody for solvents: verified buyers, intended-use declarations, auditable documentation.
- Reconciliation at the right nodes: refinery/import volumes vs dispatches vs credible industrial consumption.
- Transport & bulk handling discipline: tracking, sealing/verification, spot checks at storage/wholesale points.
- Risk-based testing: sampling triggered by anomalies/patterns, not random theatre.

### Implications & Expectations

- Potential uptick in testing/inspections and compliance friction.
- Higher reputational stakes, credible QA and documentation become differentiators.
- Key watchpoint: whether enforcement targets upstream/bulk nodes (where leakage occurs) or defaults to retail optics.



## OIL MARKETING COMPANIES IN PAKISTAN

# OGRA's DIGITIZATION DRIVE

OGRA has launched a nationwide mandate to digitise Pakistan's oil supply chain, focused on the installation of Auto Tank Gauges (ATGs) at over 12,000 petroleum retail outlets. The project's primary objective is to enable real-time monitoring of nozzle sales and petroleum stock positions, ensuring enhanced regulatory oversight and "asset integrity" across the sector.

The draft EOI and ToR documents require that ATGs must provide continuous fuel level monitoring, water ingress detection, and statistical leak detection with a tank level accuracy of  $\pm 0.5$  mm or better. The Equipment must hold international safety certifications and demonstrate compatibility with existing POS and ERP systems. Furthermore, vendors require at least three years of manufacturing experience, while installers must have two years of experience and mandatory OEM certification.

While the initiative marks a significant step forward, several practical challenges require attention. OGRA requested a comprehensive review of these technical documents within less than 24 hours (2-3 Feb 2026), which may lead to procedural oversights in a project of this magnitude. The proposed 6-month minimum warranty is notably short for critical industrial infrastructure, potentially exposing OMCs to significant long-term costs.

To **mitigate risks** related to legacy system integration and the logistical complexity of **retrofitting 12,000 sites**, a **phased rollout is recommended**. Initial efforts should **focus on high-volume urban pilot sites** to validate data transmission protocols before expanding to remote areas where internet and power infrastructure remain unreliable.

The digitisation mandate is essential for transparency but requires a more realistic feedback window and extended warranty frameworks to ensure the long-term sustainability of the ATG infrastructure.



## OIL MARKETING COMPANIES IN PAKISTAN

# WHITE OIL PIPELINE EXTENSION

The proposed \$375 million white oil pipeline extension, spanning 435 km from Machhike to Peshawar, represents a critical infrastructure initiative aimed at enhancing the safety and efficiency of petroleum transport across upper Punjab and KPK. While the shift from road to pipeline transport is inherently meritorious due to superior efficiency and safety metrics, the project's current financial and operational configuration mirrors the structural flaws of the Independent Power Producer (IPP) sector.

Developed by Frontier Oil Company (Pvt) Limited—a joint venture between PSO & FWO, and SOCAR (25%)—the initiative faces significant scrutiny for its "ship-or-pay" (take-or-pay) model and dollarised guaranteed returns, typically reserved for attracting foreign direct investment. Unless there is a CPEC type angle to it, the project also faces a substantial capacity-demand mismatch.

The long-term viability of the pipeline is further threatened by the rapid evolution of the energy sector, specifically the transition to electric vehicles (EVs).

To mitigate these sovereign risks, a fundamental reassessment of the project's fiscal terms is required. Strategic imperatives include denominating returns for local shareholders in PKR to reduce the dollar-linked circular debt burden and exploring differentiated return structures for the foreign partner, SOCAR. Additionally, the "ship-or-pay" model must be reviewed to ensure the state is not liable for costs associated with significant excess capacity.

Aligning infrastructure investment with realistic demand projections and the broader energy transition is essential to prevent this project from becoming a fiscal "black hole".



# OIL MARKETING COMPANIES IN PAKISTAN

## MORE INFORMATION?

### MOUNTAIN VENTURES

*Mountain Ventures is an investment and advisory practice with offices in Dubai, Lahore, and London, founded by experienced partners with deep expertise in oil & gas, energy transition, and technology. The firm has executed landmark transactions in Pakistan's downstream sector and operates across three divisions: Energy (oil marketing, EV charging, renewables), Technology (AI, blockchain, computer vision), and Advisory (M&A, corporate finance, strategy). Mountain Ventures combines hands-on execution experience with global partnerships, bridging the gap between policy, capital, and technology to help clients and investors capture opportunities in high-growth markets.*

### CONTACT

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