



TRANSPARENCY INTERNATIONAL-PAKISTAN

7th January 2016

Mr. Sheikh Imran-ul-Haque,
MD/ CEO,
Pakistan State Oil,
Karachi.

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Signature
cc: MD

Sub: PSO LGN Deal with Qatar Gas is not a G to G Deal
ENOC LNG offer of G to G deal between Ministry of Petroleum Pakistan and UAE
Government of less than 13% of Brent, with 60 days deferred payment

Dear Sir,

Transparency International Pakistan refers to PSO reply dated 17.12.2015, of our letter dated 8.12.2015, on the complaint that PSO in order to circumvent the PPRA Rules is to award 15 years LNG Import Contract to Qatar Gas at 14% of Brent, which has been negotiated by you in Qatar. PSO has tendered for 5 years LNG Import, which is going to open on 10th of December 2015.

Another complaint is received that PSO has negotiated with Qatar Gas the 15 years deal with Qatar Gas at 13.95% of Brent, which has been rejected by ECC on 26.11.2015, not being a G to G treaty.

The complainant has also made following allegations on PSO and Ministry of Petroleum;

1. The first four-six cargoes of the re-gasified LNG were imported by PSO on the basis of what a Sindh government official said an "executive order" of the Ministry of Petroleum. A highly-placed official at OGRA confirmed that at least four initial LNG cargoes were brought in without issuing a regular tender under PPRA rules, which has also been objected by PGRA.
2. The Evaluation Report of Two tender LNG Cargoes of May 2015, and September 2015 in Violation of PPRA Requirements are not posted on PPRA website, nor on PSO website.
3. Due to dubious role of PSO by declaring that LNG deal with Qatar Gas has been finalized, serious bidder did not participated in the PSO 5 year tender, in which M/s Gunvor was declared lowest bidder at 13.36 % of Brent.
4. In order to facilitate Pakistan Government of UAE delegation of Emirates National Oil Company ENOC has visited Pakistan last month and in a meeting held with the Prime Minister, Finance Minister and Finance Minister, and offered a most lucrative G to G deal. Of LNG at less than 13% of Brent, and also offered a 60 days credit.

In view of above complaint, clarification of PSO vide letter dated 17.12.2015, and OGRA decision of RLNG price determination dated 7.10.2015, following are TI Pakistan's observations.

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CEO & MD's Office



- A. PSO procurements of LNG without tenders, and even on single bid are mis-procurement under PPRA Rule 50.
- B. PSO and Qatar Gas deal of 15 years is illegal and amounts to mis-procurement under PPRA Rule 50.
- C. **ENOC LNG offer of G to G deal between Ministry of Petroleum Pakistan and UAE Government of less than 13% of Brent, with 60 days deferred payment may be processed for 5 year only, which will be compliant to PPPRA rules, as well as with recommendations of MOP Consultants for short term agreement in view of huge shale export for Australia in 2018 at lower costs .**

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption.

With Regards,

Sohail Muzaffar
Chairman

Copies forwarded for the information with request to take action under their mandate to:

- Secretary to Prime Minister, Islamabad.
- Chairman, NAB, Islamabad.
- Chairman, Prime Minister's Inspection Commission, Islamabad.
- Minister of Petroleum, Islamabad
- Registrar, Supreme Court of Pakistan, Islamabad.
- Managing Director, PPRA, Islamabad.
- DG, NAB, Karachi.