

Mr.M.A Jabbar
Director
Sui Southern Gas Company Limited
Karachi

March 21, 2011

OFFICIAL OBJECTION TO EVALUATION OF TENDER SSGC/FP/3627 FOR
THE SUPPLY OF JOINT COATING MATERIALS

Dear Sir,

We write to you as a Director of Sui Southern Gas Company Ltd. and a Trustee of Transparency International Pakistan whose mandate is to reduce corruption and create a more transparent business environment in Pakistan.

We refer to the subject above and the lack of any response from SSGC management on our objection and the requests of Public Procurement Regulatory Authority of Government of Pakistan (PPRA), Ministry of Petroleum and Natural Resources, and Transparency International to address our grievance. Copies of all correspondence on the matter is attached.

To summarise our grievance:

- 1) SSGC has blatantly violated PPRA rules of procurement in the case of the tender SSGC/FP/3627 and several other tenders referred to in our objection dated 11 February 2011.
- 2) Despite our pointing out that a Korean company M/S SHAIC did not meet the technical requirements of the tender, SSGC has awarded a \$547,001.39 order to M/S SHAIC.
- 3) Despite receiving our objection (letter dated 14 February 2011) and committing to look into our grievance (SSGC letter dated 23 February 2011) in response to Transparency International letter dated 17 February 2011, SSGC has confirmed its order on M/S SHAIC and established a Letter of Credit on M/S SHAIC. This demonstrates a blatant effort by SSGC management to disregard our objection and makes the investigation of our grievance a travesty by making the order a fait-accompli regardless of the outcome of the investigation.
- 4) We had asked SSGC to not make the Letter of Credit operative but SSGC is not heeding our request. We understand that M/S SHAIC has significantly delayed the establishment of a Performance Bank Guarantee (which as per the tender requirements is required to be submitted within 10 days of the issue the PO – as of last week it had not been submitted) which itself speaks to the financial weakness of

M/S SHAIC.

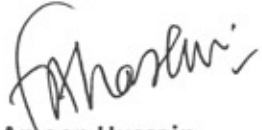
- 5) Our efforts to seek a meeting with the Managing Director and the concerned departments are being ignored.

Another case in point of questionable procurement practise is the case of Tender No. SSGC/SC/3841, wherein steel pipe has to coated and coating materials (wrapping tapes) also is to be supplied by the contractor (worth several hundred thousand dollars). We fail to understand why the contractor is being asked to supply the wrapping tapes also, while SSGC has ordered and received / about to receive millions of US Dollars worth of tapes against several PO's which is enough for 2-3 years of SSGC's requirements.

Rumours of organised corruption within the current management of SSGC are rampant in the marketplace and the experience we are having with the way SSGC is treating our objections seems to suggest that the rumours have substance.

As a Director of SSGC and a Trustee of Transparency International, we seek your and other Directors of SSGC's, urgent intervention to look into the unethical affairs of SSGC with respect to our grievance.

With best regards
for SIPRION PETROTOOLS (PTE.) LTD.

P.P. 
S. Ameen Hussain
Managing Director

COPIES TO:

Secretary, Ministry of Petroleum and Natural Resources, Islamabad

The Chairman, PPRA

Mr.Salim Abbas Jilani. Chairman, SSGC
Dr.Faizullah Abbasi, MD, SSGC
Mr.Abdul Rashid Lone, Director, SSGC
Mr.Abbas Ali Mehkri, Director, SSGC
Mr.Ayaz Dawood, Director, SSGC
Mr.Faisal Ahmed, Director, SSGC
Mr.Fazal ur Rehman Ditta, Director, SSGC
Mr.Mirza Mahmood Ahmad, Director, SSGC
Mr.Nessar Ahmed, Director, SSGC
Mr.Shahid Aziz Siddiqui, Director, SSGC
Mr.Wazir Ali Khoja, Director, SSGC
Mr. Sher Muhammad Khan, Director, SSGC

Transparency International

ENCLOSURES:

- 1) Siprion letter to Ministry of Petroleum, dated 11 February 2011
- 2) Siprion letter to Ministry of Petroleum dated 12 February 2011
- 3) Transparency International Letter to SSGC dated 14 February 2011
- 4) PPRA letter to SSGC dated 17 February 2011
- 5) SSGC letter to Transparency International dated 23 February 2011
- 6) Transparency International Letter to SSGC dated 2 March 2011
- 7) Siprion letter to SSGC dated March 8, 2011