



8th December, 2022

TL2022/0812/1A

Mr. Syed Khalid Siraj Subhani,
Managing Director/ CEO,
Oil and Gas Development Company Limited (OGDCL),
Islamabad.

Sub: Complaint Against Violation of PPRA Rules in OGDCL Tender of Rs. 411 million, for Hiring of EPCC Contractor for Engineering, Procurement, Construction/Installation, Pre-Commissioning, Commissioning, Performance Testing and Reliability Guarantee Testing (RGT) of KPD-TAY Compression Project, District Hyderabad, Sindh Province, Tender # PROC- FC/PROJ/KPD-TAY/COMP- 5213/ 2022.

Dear Sir,

Transparency International Pakistan has received a complaint from M/s Jereh Oil & Gas Engineering Corporation on violation of PPRA Rules in OGDCL tender mentioned in the subject (**Annex-A**).

The complainant has raised the following allegations that;

1. OGDCL invited bids for the subject tender and the technical bids were opened on 11th May 2022. Two Bidders participated: Joint Venture of M/s Jereh Oil & Gas Engineering Corporation (Lead Partner) and Etimaad Engineering and Joint Venture of M/s Shandong Hi-Speed Kerui Petroleum Equipment Co., Ltd. (Lead Partner) and Petrocon Limited, and both were declared Technically Responsive.
2. As per the tender document requirement, Bidder must have executed 2 projects (in oil and gas sector). M/s Hi- Speed Kerui has shown the forged contractual experience with M/s Xinjiang Ruichengyan Clean Energy Co., Ltd, China signed on 12-7-2016, whereas, M/s Xinjiang Ruichengyan Clean Energy Co., was founded on 19th January 2017 (**Annex-B**).
3. M/s Hi- Speed Kerui provided the forged experience of a project with Petrobras Brazil company and a forged parent/sister relationship with M/s Shandong Kerui Petroleum Equipment Co, Ltd who has compressor experience required by the tender document (**Annex-C**).
4. As per tender document requirement some specific testaments, for experience, audit, etc. including Checklists, bidding form, blacklisting affidavit, data summary sheet, corporate information Company's Core Business Areas and their annual sales revenue/ earnings during last five (5) years, which were not provided by the bidder M/s kerui.
5. As per National Enterprise Credit Information Publicity System, owned by State Administration for Market Regulation of Chinese government, different companies of M/s KERUI group have been sentenced to dishonest executor by different Chinese courts (**Annex-D**).

Transparency International Pakistan Comments:

Transparency International Pakistan has reviewed the allegations of the complaint and prima facie the allegations seem to be correct. Following are TI-Pakistan comments:



1. As per PPRA Rules 2004, Rule No. 18 quoted below, the bidder can only technically qualify for the tender if the documents submitted comply with the criteria mentioned in the ITB bidding documents.

18. Disqualification of suppliers and contractors.- The procuring agency shall disqualify a supplier or contractor if it finds, at any time, that the information submitted by him concerning his qualification as supplier or contractor was false and materially inaccurate or incomplete.

2. M/s Hi- Speed Kerui has shown allegedly forged experience of 'Petrobras Brazil' which may not be considered as on the 'Petrobras Brazil' company's website, which is in contradiction to Rule No. 17 of the PPRA Rules 2004, quoted below;

17. Qualification of suppliers and contractors.- A procuring agency, at any stage of the procurement proceedings, having credible reasons for or prima facie evidence of any defect in supplier's or contractor's capacities, may require the suppliers or contractors to provide information concerning their professional, technical, financial, legal or managerial competence whether already pre-qualified or not: Provided that such qualification shall only be laid down after recording reasons therefor in writing. They shall form part of the records of that procurement proceeding.

3. The experience of M/s Shandong Kerui Petroleum & Gas Co. Ltd from Shandong Kerui Petroleum Equipment Co., Ltd is invalid as these companies do not have parent/sister relationship and do not comply with the tender documents. It is a violation of Rule No. 30 of the PPRA Rules 2004


30. Evaluation of bids.- (1) All bids shall be evaluated in accordance with the evaluation criteria and other terms and conditions set forth in the prescribed bidding documents. Save as provided for in sub-clause (iv) of clause (c) of rule 36 no evaluation criteria shall be used for evaluation of bids that had not been specified in the bidding documents.

Transparency International Pakistan Recommendations:

TI Pakistan requests the Managing Director/ CEO OGDCL to review the complaint in light with PPRA Rules 2004 and if found correct, re-invite the tender in compliance with PPRA Rules to avoid Mis-procurement under PPRA Rule 50.

TI Pakistan is striving for across the board application of **Rule of Law**, which is the only way to stop corruption and achieve zero tolerance against Corruption.

With Regards,


Advocate Daniyal Muzaffar,
Trustee/Legal Advisor
Transparency International Pakistan

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

1. Prime Minister of Pakistan, PM House, Islamabad
2. Minister of State (Petroleum Division), Ministry of Energy, Islamabad
3. Finance Minister, Ministry of Finance, Islamabad
4. Chairman, NAB, Islamabad
5. Chairman, Prime Minister Inspection Commission, PMIC, Islamabad
6. Registrar Supreme Court of Pakistan, Islamabad
7. MD, PPRA, Islamabad

Date: 21 November 2022

Honorable Justice (R) Zia Perwez
Chairperson
Transparency International Pakistan
Plot 72F/2, Floor 1
9th Street, Jami Commercial,
DHA Phase 7,
Karachi, Pakistan

COMPLAIN AGAINST VIOLATION IN OGDCL TENDER FOR KPD-TAY COMPRESSION PROJECT TENDER # PROC-FC/CB/PROJ/KPD-TAY/COMP-5313/2022

Dear Sir,

I would like to introduce myself to you as Country Manager of Pakistan Market for Jereh Oil & Gas Engineering Corporation located in Address: No. 9 Jereh Road, Laishan District, Yantai, China.

We invalidate the above mentioned tender evaluation report as there are huge ambiguities and reservations over technical evaluations.

The bidding process has many loopholes, which need to expedite for the sake of OGDCL integrity.

We have repeatedly requested for a face to face meeting with OGDCL and hoped that they would hear and understand our concerns to make amends and due justice.

The following are the major five concerns, which need thorough investigation.

1. ATTACHEMENT-1

- As per Tender Eligibility requirements are a "Bidder shall have executed 2 projects (in oil and gas sector) each 65MMSCFD on EPCC basis in last ten years". Where as the bidder has also shown two main projects but one project seems forged. As the Client Xinjiang Ruichengyuan Clean Energy Co., Ltd China was founded in 19 January 2017 and as per documents submitted by bidder the contract between M/s Shandong Hi-Speed Kerui Petroleum Co., Ltd (Hereafter referred to as Hi-Speed Kerui) and Xinjiang Ruichengyuan Clean Energy Co., Ltd was signed on 12-7-2016. It is worth while mentioning here that as per attachment from Shaya county, Xinjiang Ruichengyuan Clean Energy Co., Ltd has no Gas processing station in Shaya County.
- Shandong Kerui Petroleum & Gas Co. owns Xinjiang Ruichengyuan Clean Energy Co., Ltd till 2018.07.17 and above EPCC project has been finished before 2018.07.17.

2. ATTACHEMENT-2

- Provided information regarding on going project for Petrobras Brazil shall be not considered. As per Petrobras website the project is canceled as Kerui-Metodo did not fulfil his responsibility.

3. ATTACHEMENT-3

- Shandong Kerui Petroleum & Gas C., Ltd is packager for KPD project, who borrowed experience from Shandong Kerui Petroleum Equipment Co., Ltd who has compressor experience required by tender document. However, these two companies even do not have parents/ sister relationship. So Shandong Kerui Petroleum & Gas C., Ltd cannot be allowed to borrow experience from Shandong

Kerui Petroleum Equipment Co., Ltd. & compressor experience proposed by Hi-Speed Kerui NOT compliance to tender requirement.

4. ATTACHEMENT-4

- As per clause 5.3.1-Summary Rejection Criteria, ITB, of tender document, bid must include all annexure complete in all respect i.e. Checklists, bidding form, blacklisting affidavit, data summary sheet, corporate information etc. M/s Hi-Speed Kerui did not submit Company's Core Business Areas and their annual sales revenue/earnings during last five (5) years, because M/s Hi-Speed Kerui was established on Dec 29th 2018.
- As per clause 1, PART – II FINANCIAL STRENGTH, ITB, of tender document, Provide details with regard to the financial standing of the applicant including copies of last three (3) years Audited profit & loss account and balance sheet, however, 2021 audit report has not been provided for Hi-Speed Kerui.

5. ATTACHEMENT-5

- As per National Enterprise Credit Information Publicity System, owned by State Administration for Market Regulation of Chinese government. We found that different companies of KERUI group have been sentenced to dishonest executor by different Chinese courts.
 - Shandong Kerui Petroleum Equipment Co., Ltd. (EPC experience company)
 - Shandong Kerui Petroleum and Natural Gas Engineering Group Co., Ltd. (Compressor Packager company)
 - Shandong Kerui Machinery Manufacturing Co., Ltd.
 - Shandong Kerui Holding Group Co., Ltd.
 - Shandong Kerui Compressor Co., Ltd.

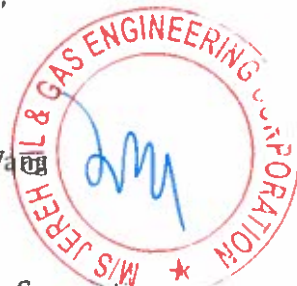
We have reached out OGDCL Higher management and concerned department several times for regarding biased technical evaluation, but we believe that by not addressing the points raised by us, OGDCL and its management is giving undue favors to the other company.

Now we have no choice left to escalate the matter to Transparency Pakistan for their opinion on concerns raised by us.

We are available to present our case face-to-face meeting if required.

Thanking you and Regards,

Country Manager: Kevin Wang



Jerel Oil & Gas Engineering Corporation

Cc

- *Capt (Retd.) Muhammad Mahmood, Secretary for Ministry of Energy*
- *Mr. Mahbool Ahmad Gondal, MD PPRA*
- *Syed Khalid Siraj Subhani, MD OGDCL*
- *Mr. Zia Salahuddin, Executive Director Services*
- *Mr. Ahmed Hayat Lak, General Manager Legal Services*
- *Mr. Muhammad Iqbal_memon, General Manager I/c Project*
- *Muhammad Irshad, General Manager I/c SCM*
- *Mr. Hafizur Rehman, Head of Audit*

