



Confidential

Part C – Variation Order No. 2

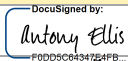
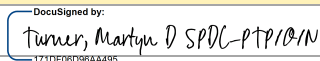
Date: 26/08/2020

Category	NLNG Supply Projects	Contract ID: SAP Contract No:	NG01017640 4610047944
Contract Title:	GBARAN NODAL COMPRESSION PROJECT - GBARAN 026 & GBARAN F1B/F22 PROJECTS - END FACILITIES HPHT SKID TIE-IN		
HSE Mode & Risk	Mode 2, High Risk		
Contractor:	LEE ENGINEERING & CONSTRUCTION COMPANY LTD		
Agenda Item	TB secretary to complete		
	F\$	Expiry Date	
Original ACV	114,622,979.07	31/12/2022	
Value of VO's approved to date	30,666,686.64	31/12/2022	
Current ACV	145,289,665.71	31/12/2022	
Delegated Authority (YES or NO)	YES	NA	
Value of commitments made to date	35,268,792.17	31/12/2022	
Value of this VO request	(770,000.60)	31/12/2022	
Requested new ACV	NA	NA	
Current level of NAPIMS approval	114,622,979.07	31/12/2022	
Proposed expenditure while pending NAPIMS approval	10,000,000.00	31/08/2020	

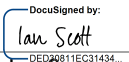
**OBJECTIVE OF THIS SUBMISSION IS TO OBTAIN APPROVAL FROM MCB DELEGATED AUTHORITY FOR:**

- Implement 3% reduction on ACV of contract firm scope reducing the ACV from \$16,683,346.31 + ₦2,739,918,799.27 (FUS\$25,666,686.64) to \$16,182,845.92 + ₦2,657,721,235.34 (FUS\$24,896,686.04) being the outcome of Low Oil Price negotiations.

**Stakeholder Endorsement:**

	GM CP	Contract Owner
	Reviewed and approved for submission to SCC/MTB and confirms: 1. Alignment with approved Category Strategy (& Global Category Strategy where applicable) 2. Compliance with the NOGICD Act & Community Content commitments.	Reviewed whole submission and confirms support from: 1. Finance [Adediran, Adewale] - for the financial aspects of the submission, including adequate budget cover/JV Partner approval to ensure full cost recovery/approved GIP in place (if applicable) 2. HSSE [Sanu, Gbolahan] - HSSE consideration and requirements are met.
Signature		
Name	Antony Ellis	Marilyn Turner
Date		

**Approval:**

Finance Director	
Signature	
Name	Ian Scott
Date	

**Dedclaration:**

Signatories to this submission acknowledge that they have read and understood the Conflict of Interest Policy in SEPCIN and that they do not have any direct or indirect arrangement or relationship with any other person or company that breaches the requirements of that Conflict of Interest Policy, or that they have fully disclosed any potential Conflict of Interest to the Contract Owner, CP Manager and the Supply Chain Council/Tenders Board.

**SECTION A: CHANGES****REFERENCES & APPROVAL DATES FOR PREVIOUS APPROVALS**

Description of Previous Approvals		Approved ACV	Approval Dates	
			MCB	NAPIMS
Obtained MCB approval of award recommendation on contract NG01017640		114,622,979.07	10 <sup>th</sup> August 2017	5 <sup>th</sup> October 2017
VO.01 - Obtained MCB approval of overarching strategy for Single Well Opportunity Projects (Gbaran-026 & Gbaran F1B/F22).		0.00	9 <sup>th</sup> July 2018	8 <sup>th</sup> June 2018
VO1: Approval of tender tactics			29 <sup>th</sup> May, 2019	

**REASON FOR THIS VARIATION ORDER**

List changes/updates/variation. Where there is scope variation, state the Nigerian Content scope in new scope.  
This variation order is to reflect 3% reduction in Contract ACV for the firm scope offered by Contractor during the Low Oil Price negotiation. (See attachment 1)

**JUSTIFICATION**

This is the outcome of the low oil price negotiation on this contract.

**FINANCIAL STATUS**

Original ACV (a)	Total value of all previous VOs (b)	Commitments to date	ACV for this VO (c)	Total value of all previous VOs + this VO/Original ACV (b+c)/a
F\$	F\$	F\$	F\$	F\$ (%)
114,622,979.07	30,666,686.64	35,268,792.17	-770,000.60	127%

**IMPACT OF THIS VO**

Describe any major impacts of this VO on business, explain budget coverage/offset, NPV calculation based on this VO (if applicable)  
The VO will decrease the contract ACV by F\$770,000.60

**PRICING STRUCTURE FOR THIS VO**

Is the pricing structure for this VO based on established unit rates or negotiated based on Enterprise Frame Agreement (EFA)?  
For negotiations, show aspiration, fallback and walk-away positions. Proposed Negotiation Team.  
NA.

**SECTION B: POST AWARD CONTRACT MANAGEMENT**

**CONTRACTOR PERFORMANCE**

Contractor performance under this contract including details of KPI's and review dates. Highlight any performance issues (including HSE management, NCD) and support required.

**Performance Assessment, rating based on Good/Adequate/Inadequate.**  
Good: Fully satisfied expectations, met requirements without support; no identifiable improvements  
Adequate: Generally satisfied expectation & met requirements but needed support to ensure required performance was achieved  
Inadequate: Contractor standard of performance below that needed for repeat business; severe deficiencies in service performance

Management	Commercial	Technical	HSES	Overall
Good	Good	Good	Good	Good

**CONTRACT MANAGEMENT**

Highlight any contract management issues, e.g. training, documentation. HSE, NCD. List outstanding activities, action parties and target date. State dates and highlights of COR/BPR/CPCR or other contract compliance reviews.  
Gbaran Nodal Compression Project is still ongoing with issues around pace of delivery being managed. However, visible improvements have been observed in recent times.

**NIGERIAN CONTENT EXECUTION PLAN**

Is performance according to Part B and contract? What recovery plan is being put in place to meet target?  
NA

### NIGER DELTA CONTENT /COMMUNITY CONTRACTING EXECUTION PLAN

*Describe additions to the Niger Delta Content /Community Contracting Execution Plan.*

NA

### RISK MANAGEMENT

*Insert latest Risk Assessment Matrix*

NA

### GOAL ZERO CONTRACTOR HSSE REEQUIREMENTS

*Comment as appropriate on validity of applicable Goal Zero Contractor HSE assurance actions below: [Click here](#) for checklist.*

- i) Risk Assessment – State: Remains valid at Mode 2 High Risk.
- ii) CH Appointment Letter – Confirm letter in place for correct CH per Omnicom/SAP –YES.
- iii) HSE Capability Assessment – State: Remains valid at Green.
- iv) Contract HSSE Action Plan OR HSSE Plan – State: Remains valid.

Attachment 1 – Letter from Contractor



GNC-NG01017640-  
GBRG1-LT-00085 LO