



# SPDC Contract Requisition >USD 100K and < USD1m

## Part A: Approval of Strategy & Bid list

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SECTION A – Business Need			
Category	HSE	Contract Number:	CW563652
Contract Title	PROVISION OF HAZOP & TECHNICAL SAFETY SERVICES		
Purpose of Proposal	This proposal seeks Line/CP approval for the contract and competitive tender sourcing strategy in respect of service for the Provision of HAZOP & Technical Safety Services for a period of 12 months from December 2021 to December 2022, leading to an award of two (2) contracts to two (2) different vendors.		
Business need & justification	<p>HAZOP services support is required beyond available in-house resources for SPDC Production facilities and projects to meet the current Shell Group AIPSM requirements (e.g (HEMP studies).</p> <p>The current demand for the HAZOP services by both the projects and producing assets in SPDC significantly exceeds the level of support that are available internally, hence the decision to put together a service contract for the services.</p> <p>The plan is to utilise local contractors for this service. Proposed vendors have been selected based on the outcome of previous Technical ITT and evidence of prior delivered contracts, in delivering the HAZOP services for SPDC Producing Assets and projects. This is also legally required by the regulations guiding safe production of oil and gas.</p> <p>The long-term plan is to put in place a NAPIMS level contract for provision of the services, as services will be required after the expiration of this contract.</p>		
Scope of Work	<p>Contractor shall provide the following services:</p> <p>1) HAZOP studies:</p> <p>The scope of the HAZOP will be divided into 3 parts. These parts are as follows:</p> <p><b>Pre- Workshop Activity</b> This includes and not limited to:</p> <ul style="list-style-type: none"> <li>• Scope definition and boundary discussion with company representative.</li> <li>• Node marking by the consultant</li> </ul> <p><b>HAZOP Workshop</b> This is all about detailed review of all the nodes with focus on the deviations for each node agreed and this will be systematically done using Shell approved guide words. The HAZOP workshop shall be done in accordance with DEP 80.00.00.15-Gen. "Hazard and Operability (HAZOP) Study" fulfilling all the requirements in the DEP.</p> <p><b>Post Workshop.</b></p> <ul style="list-style-type: none"> <li>• Preliminary reports will be issued stating all the recommendations observed during the workshop and this will include the worksheets by the consultants.</li> <li>• The final report to be issued on or before 1 months of completion of the workshops.</li> </ul> <p>2) General HEMP studies which include:</p> <p><b>Hazard analysis using Bowtie (Bow-tie XP) and Layer of protection Analysis (LOPA)</b></p> <ul style="list-style-type: none"> <li>• Carryout bow-tie analysis workshop for all hazard release scenarios and generate report</li> <li>• Carryout LOPA, generating initiating event frequencies as required and applying PFD on independent protection layers to arrive at residual risk and generate report.</li> </ul> <p>Minor &amp; Complex HEMP studies like: QRA (using shepherd), Physical and effect modelling (FRED), fire PRAN to support risk management methodology</p> <p><b>KEY PERFORMANCE INDICATORS</b></p> <ul style="list-style-type: none"> <li>• Timely ToR, Nodes and programme for HAZOP</li> <li>• Record of minute of meeting of the workshop</li> <li>• Timely preparation of the draft and finalised HAZOP report.</li> <li>• Zero incidents in delivery of the HAZOP.</li> </ul>		



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Company Estimate	What is the estimate? How was the estimate arrived at?			
	<p>The ECV of the contract is USD 122,400.00 + NGN 9,272,700.00(FUSD <b>144,983.84</b>) based on Shell booking rate for November 2021, at \$1=NGN410.59). See Appendix 1 below for cost breakdown. The company estimate was derived from rates in the existing contract CW306074 (4610051353).</p> <p>The currency split in the company estimate is based on the communication from the business that vendors will utilize tools for which licenses are paid in foreign currencies e.g. PHA Pro, Modelling tools, etc. ref attachment 7</p>			
Benchmark to previous same/similar scope	SAP Contract No	Contractor	Contract duration	ACV (USD)
	4610051353	Tomsey Engineering Serv. Int'l Ltd	2 yrs	121,572.87
Plan Tender Schedule				
Issue ITT	November 2021	NAPIMS engagement held: (For contracts >US\$ 250k or >NGN 10m).  Contract duration :  Extension Options :	NA	
Tech Evaluation	December 2021		12 months	
Com Evaluation	December 2021		Y	
Award				

### SECTION B– Sourcing Strategy

Procurement Targeting (Cross the relevant boxes)	Buyer Perspective		Seller Perspective	
	High	High	High	High
Risk Vulnerability	<input type="checkbox"/> Bottleneck  Ensure continuity  Develop alternatives  Revise Specification	<input type="checkbox"/> Critical  Form closer relationship  Direct negotiation	<input checked="" type="checkbox"/> Develop  Nurture client  Expand business  Seek opportunities	<input type="checkbox"/> Core  Cosset (pamper) client  Defend vigorously  Expand if possible
	<input type="checkbox"/> Routine  Simplify  Automate  Rationalise supplier	<input checked="" type="checkbox"/> Leverage  Maximise advantage Competitive tender  Standardisation	<input type="checkbox"/> Nuisance  Give low attention  Lose without pain	<input type="checkbox"/> Exploitable  Drive premium price  Seek short term advantage  Risk losing client
	Low	High	Low	High
	Relative Value of Business			
Business Drivers (Rank 1 = Highest, 4 = Lowest)	Risk: 1	Schedule: 1	Cost: 2	Quality: 1



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Sourcing Method	<input type="checkbox"/> Competitive Tender (Online Bidding)	<input checked="" type="checkbox"/> Competitive Tender	<input type="checkbox"/> Single Source
		<input checked="" type="checkbox"/> Negotiation	

### SECTION C –Bidder List & Evaluation Criteria

Pre-qualification criteria:		<input type="checkbox"/> Financial Capacity <input checked="" type="checkbox"/> Technical Ability <input type="checkbox"/> Claims Outstanding	<input checked="" type="checkbox"/> HSES <input type="checkbox"/> Referees	<input type="checkbox"/> Supply Capability <input type="checkbox"/> Nigerian Content										
Proposed Bidder list	Selection criteria	IDD Status	HSE Capability Assessment (colour code)	Prevailing influence Mode (1,2,3)										
1. Turatech Engineering Consulting Services	Previous work done 4610039978 4610043143	Cleared	NA	3										
2. Hilltop Lighting Systems Limited	Passed technical evaluation for previous tender	31/03/2024	NA	3										
3. Tomsey Engineering and Services Int'l Ltd	Previous work done 4610037811 4610043178 4610051353	Cleared	NA	3										
4. Nexus Alliance Limited	Passed technical evaluation for previous tender	01/01/2999	NA	3										
5. Bowalds Energy Nigeria Limited	Previous work done 4610043142	Cleared	NA	3										
6. Kay Global Ltd	Passed technical evaluation for previous tender	31/03/2024	NA	3										
Proposed Bidders were selected based on the outcome of past ITTs issued, as well as previous delivered contracts.														
Nigerian Content Plan														
<b>1a. Indicate Schedule target(s) and Nigerian Content Plan:</b> <table border="1" style="margin-top: 10px;"> <thead> <tr> <th>Work Category</th> <th>Schedule Target</th> <th>Current In-country Capacity</th> <th>Measuring Metrics</th> <th>Proposed actions to close gaps</th> </tr> </thead> <tbody> <tr> <td>Other Supporting Services</td> <td>85%</td> <td>60%</td> <td>Spend</td> <td> <ul style="list-style-type: none"> <li>In house upskilling</li> <li>Availability of Shell proprietary software for technical studies to contractors.</li> </ul> </td> </tr> </tbody> </table>					Work Category	Schedule Target	Current In-country Capacity	Measuring Metrics	Proposed actions to close gaps	Other Supporting Services	85%	60%	Spend	<ul style="list-style-type: none"> <li>In house upskilling</li> <li>Availability of Shell proprietary software for technical studies to contractors.</li> </ul>
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<b>1b. Nigeria Content Summary Work scope.</b> <b>** Describe all the proposed Nigerian Content activities in the ITTs for inclusion in proposed contracts.</b>														
<b>2. Vendors to provide for 1% Nigerian Content Development Fund (NCDF) as required by the Law.</b>														
<b>3. Where NC pledge falls short of set minimum targets by law waiver shall be required for those categories.</b>														



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### Evaluation Criteria/Negotiation parameters

There will be a technical evaluation to ensure only competent skilled contractors with demonstrable previous experience in these areas of work will progress to the commercial evaluation. Technical Evaluation Criteria shall include Qualification/Certification of Personnel, Previous Work Experience, Experience Personnel & Work Procedures). Only vendors that meet the minimum pass mark of 60% shall be progressed to Commercial stage. **See Attachment 1 (Technical Evaluation Criteria)**

Technical and Commercial Bids would be received via the Ariba platform.

A total of 2 contracts will be awarded at the lowest bidders' rate to be able to deliver the business needs.

If lowest bidder's rates are above Company Estimate, negotiation shall be carried out with the following proposed mandate:

- i) Aspiration of 90 % of company estimate
- ii) Fall-back position of 95 % of company estimate
- iii) Walk away position of any amount above 100% of Company Estimate.

If second lowest bidders' rate is lower than company estimate but more than 110% of the lowest bidder's rate. It will be negotiated to within 110% of lowest bidders rate

### SECTION D – ITT / Contract Structure

Specification	<input checked="" type="checkbox"/> Detailed <input type="checkbox"/> Performance <input type="checkbox"/> Functional		
Pricing Structure	<input type="checkbox"/> Lump-Sum <input checked="" type="checkbox"/> Unit Rate <input type="checkbox"/> Reimbursable <input type="checkbox"/> Spot Price		
Contract Terms & Conditions to be used and Payment Terms	Model Contract Library (MCL) Terms & Conditions shall be used 45 days		
Government Intermediary (GI) Element	GI elements present in work scope?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
Performance Incentives/ Liquidated Damages			
Contractual Securities	<input type="checkbox"/> Parent Company Guarantee	<input type="checkbox"/> Bank guarantee	<input type="checkbox"/> Warranty <input type="checkbox"/> Retention

### SECTION E: Risk Evaluation (refer to SCM Risk Assessment Matrix)

Contract Risks	Likelihood (L/M/H)	Consequence	Mitigation covered in Contract
Timely delivery	High	Poor delivery, Project slippage	Use alternative supplier
Slips, Trips, and falls	Low	Minor injury	Good house keeping
HSE Risk	Low	Contract Risk: Low	Low



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### SECTION F Stakeholder Approvals\*

#### Declaration:

Signatories to this submission acknowledge that they have read and understood the Conflict of Interest Policy in the Code of Conduct 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.

Signature	Commercial Lead	Contract Holder	Contract Owner	SC Ops Manager
	Whole Submission	Whole Submission	Reviewed and agreed proposal is in line with business objectives, approved and confirmed support from: 1. Finance [Wole Ilesanmi] - adequate budget cover/JV Partner approval to ensure full cost recovery/approved GIP in place (if applicable) 2. HSSE [Innocent Epuchie] HSSE consideration and requirements are met.	Reviewed, approved and confirmed: 1. Alignment with approved Category Strategy 2. Accepts ultimate responsibility for whole submission
Name	Patrick-Oko, Oluwakemi	Ezeude, Chidubem	Srinivas Sambasivam	Aboderin, Yemi
Ref. Ind	PTC/O/U	UPC/G/SM	UPC/G/SM	PTC/O/UG
Date				

### APPENDIX 1 – COST BREAKDOWN

S/N	Description	Unit of Measure	Quantity	Unit Rate (USD)	Unit Rate (NGN)	Total (USD)	Total (NGN)
1	HAZOP Leader	Day	100	864	65,454.30	86,400.00	6,545,430.00
2	HAZOP Scribe	Day	100	360	27,272.70	36,000.00	2,727,270.00
Total (US\$ + NGN)						122,400.00	9,272,700.00
Total (F\$ @ NGN410.59= US\$1) for the 2 contracts						144,983.84	

Exchange rate is based on Shell booking rate for November 2021

#### Attachments

- Attachment 1-[Technical Evaluation Criteria](#)
- Attachment 2-[Risk Assessment Matrix](#)
- Attachment 3-[Company Estimate \(ECV\) Analysis](#)
- Attachment 4-[Contract Holder Appointment Letter](#)
- Attachment 5-[IDD STATUS](#)
- Attachment 6-[Commercial Evaluation template](#)
- Attachment 7-[Email correspondence from the business on currency split](#)
- Attachment 8-[Part B of previous contract](#)