



**SPDC Purchase Order Requisition
Confidential**

SECTION A – Business Need		Date: 19/7/2022												
Category	PROJECTS	SAP Number:	TBA											
Title	FULL AND FINAL CLAIM SETTLEMENT ON FYIP OFFSHORE FLARE DOWN WORKS – ONE OFF PO													
Business needs & justification, summary of value contribution	<p>PURPOSE: This submission seeks approval to raise a one-off Purchase Order valued at \$1,800,000.00 only, in favour of HYDRODIVE NIGERIA LIMITED (HD) as full and final settlement of their claim for works executed as sub contractor to OPI/TECHNIX on FYIP offshore flare down Project. The agreed amount is within the CRB approved negotiation mandate.</p> <p>BACKGROUND OF HYDRODIVE CLAIMS (OPI OUTSTANDING INDEBTEDNESS TO HYDRODIVE) Hydrodive (HD) was the Dive sub-contractor on the FYIP offshore scope and the backbone for the successful hook up and production of the, dive-intensive, hook-up of the 7 oil wells on clusters 51A and 3A. Hydrodive completed their scope in 2019.</p> <p>During the prolonged execution of the project, Hydrodive severally threatened to pull off the project claiming F\$4.67mln (@\$1NGN =360) in unsettled legacy debts (debts preceding the 7 wells hook-up), high losses and value erosion due to excessive non-productive down time (due to poor funding and logistics challenge from main Vendor). To avert the total collapse of the wells hookup, SPDC PMT intervened, and WAOS agreed to continue with the site works.</p> <p>Based on PMT's intervention which prevented OPI from demobilizing from site, PMT secured SPDC CRB approval to negotiate the impact of the delay events during the hook up of the 7 wells in the same way it covered the additional cost incurred by other sub-contractors that were also engaged in the hookup of these wells. Negotiations were carried out in lin with CRB mandate and full and final settlement of \$1,800,000.00 was achieved. Ref CRB submission and Negotiation MOM for further details (Attachment 1 and 2).</p> <p>JUSTIFICATION FOR ONE-OFF PO</p> <ol style="list-style-type: none"> 1. Payment via one-off PO was approved by CRB after due considerations of Pro's & Con's of this and other payment options summarize in Table 1 below. 2. Considerations for the payment of HD via one-off PO included the followings: <ol style="list-style-type: none"> a. SPDC did not have a direct contract with HD. b. OPI contract, through which payment could have been made, as was done for other sub-contractors, is now 'closed' in SAP and CMT does not consider it expedient to re-open it, at the moment, due to ongoing litigation with OPI. However, this sum will be included in the final account reconciliation. c. SPDC does not also have any direct contract with HD through which this could also be paid. d. The One-off PO would provide requisite audit trail and compliance to RTP process. 													
	<p>Table 1 – Pro & Cons assessment (presented to CRB) supporting payment via One-off PO</p> <table border="1"> <thead> <tr> <th>S/N</th> <th>Options</th> <th>Pros</th> <th>Cons</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Pay through the OPI Contract</td> <td>1. Payment will be referenced to the Original Contract. 2. It will provide a clear audit trail of payment.</td> <td>1. It could jeopardize the ongoing litigation with OPI/Technix 2.It might open an opportunity for other sub-Contractors that OPI &Technix are indebted to.</td> </tr> <tr> <td>2</td> <td>Pay through FI</td> <td>1.It is a faster payment process. 2.It will enable CMT to make payment without any reference to the OPI Contract</td> <td>1. It will raise Audit red flag as FI is not meant for this type of payment. 2.The full RTP process will not be followed.</td> </tr> </tbody> </table>			S/N	Options	Pros	Cons	1	Pay through the OPI Contract	1. Payment will be referenced to the Original Contract. 2. It will provide a clear audit trail of payment.	1. It could jeopardize the ongoing litigation with OPI/Technix 2.It might open an opportunity for other sub-Contractors that OPI &Technix are indebted to.	2	Pay through FI	1.It is a faster payment process. 2.It will enable CMT to make payment without any reference to the OPI Contract
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	3	Use One off PO	1. It provides a payment vehicle to avoid the usage of the OPI Contract. 2. There will be no cost recovery challenge as there is a provision/accrual for OPI related claims/contract close out in OP21. 3. The One-off PO approval would provide Audit clarity as reference would be made to how the payment originated from the OPI Contract. 4. The PO would enable compliance to RTP process.			1. Since the Value is >F500k Auditors may ask for the NAPIMS approval. 2. The PO would not be linked to an agreement, and it could raise Audit Flag
	Option 3 (use one-off PO) was proposed and approved by CRB thus this request. HYDRODIVE is IDD cleared. See attachment 3.					
Scope of Work	Full and final claim settlement of claim by Hydrodive for works executed as subcontractor's to OPI/TECHNIXS on the FYIP offshore flare down Project					
Company Estimate	What is the estimate? How was the estimate arrived at? (If benchmarked against existing contract please state SAP contract No) The company estimate for the claim offset was \$1,807,789.50. Post negotiation, a full and final sum of \$1800,000.00 was agreed as claim settlement. This resulted in a cost saving of of \$7,789.50 on the company estimate for the service.					
Details of previous same/similar contracts/One-off PO's awarded over the last 12 months.	SAP/PO Contract No.	Contractor	Start Date	End Date	ACV	Commitment to Date
	4610035798	OPI INTERNATIONAL NIG LTD	12/12/11	31/10/21	\$403,114,510.80	\$245,320,982.73

SECTION B– Sourcing & Award Strategy

Business Drivers (Rank 1 = Highest, 4 = Lowest)	Risk: 1	Schedule: 1	Cost: 2	Quality: 1
Proposed award to: HYDRODIVE Reasons: Negotiation outcome, CRB approved, Payment for work completed in 2019 as subcontractor to OPI International under Contract NG01011278 for FYIP Flares Down Works- Offshore Phase1			HSE Capability Assessment (colour code) n/a	Prevailing influence Mode (1,2,3) Mode 2
<input type="checkbox"/> Lowest Conforming	<input type="checkbox"/> Only Conforming	<input type="checkbox"/> Lowest Life Cycle Cost	<input type="checkbox"/> Lowest TCO	
<input type="checkbox"/> Technical Weighted Preference	<input type="checkbox"/> Lowest Acquisition Cost	<input type="checkbox"/> Call-off from Frame Agreement	<input checked="" type="checkbox"/> Other	
Regional/Global Strategy fit		n/a		

SECTION C –Negotiation parameters

A brief summary of the negotiation parameters - aspiration, fall back and walk-away. Proposed negotiation team.

Not Applicable - Negotiation concluded and outcome approved by CRB

SECTION D – ITT / Contract Structure

Pricing Structure	<input checked="" type="checkbox"/> Lump-Sum <input type="checkbox"/> Un it Ra te <input type="checkbox"/> Reimbursable <input type="checkbox"/> Spot Price
Contract Terms & Conditions to be used and Payment Terms	Contract Terms & Conditions to be used and with standard Payment Terms
Government Intermediary (GI) Element	GI elements present in workscope? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

Contractual Securities	<input type="checkbox"/> Parent Company Guarantee	<input type="checkbox"/> Bank guarantee	<input type="checkbox"/> Warranty	<input type="checkbox"/> Retention
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SECTION E: Risk Evaluation (refer to SCM Risk Assessment Matrix)			
Contract Risks	Likelihood (L/M/H)	Consequence	Mitigation covered in Contract
As contained in the contract	High	High	N/A
HSE Risk	High	Contract Risk:	Low

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.

	Contract Owner	Senior Procurement Manager projects
	Reviewed and agreed proposal is in line with business objectives, approved and confirmed support from: 1. Finance [Femi Ajala] - adequate budget cover/JV Partner approval to ensure full cost recovery/approved GIP in place (if applicable) 2. HSSE [Emmanuel Etsano] HSSE consideration and requirements are met.	Reviewed, approved and confirmed: 1. Alignment with approved Category Strategy 2. Whole submission
Signature		
Name	Chris Ubuane	Gregory Akhibi
Ref. Ind	PTP/O/NP	PTC/U/G
Date		

Approval:
EC – 3 Manager
Signature
Name
Date

ATTACHMENTS

ATTACHMENT 1: CRB APPROVAL POST NEGOTIATION July 2022



SPDC_CLA_21_09_-_1_-_FYIP_OFFSHORE_

ATTACHMENT 2: NEGOTIATION MOM



Attachment 13_MoM of Claims Negotiation

ATTACHMENT 3: HYDRODIVE'S IDD STATUS



IDD- HYDRODIVE.pdf