



SHELL PETROLEUM DEVELOPMENT COMPANY LIMITED

Part A + B - Fixed & Movable Assets Disposal Date: 09/07/2019

ASSET TITLE/CLASS*	Write-off and Disposal of Obsolete Sea Eagle Materials (NG16) at Onne
ASSET REF NO. & DESCRIPTION*	Stock
WTA/WFA REF No	
TYPE OF SUBMISSION	WRITE OFF <input checked="" type="checkbox"/> DISPOSAL <input checked="" type="checkbox"/>
ACQUISITION COST (as stated in the Asset register where applicable)	F\$2,146,154.01
NET BOOK VALUE (as stated in the Asset register where applicable)	F\$2,146,154.01
ESTIMATED MARKET/RESIDUAL VALUE* (Estimated Sale Value)	F\$107,307.70. The estimated market value based on 5% of the acquisition cost.
AGENDA ITEM (Where applicable)	N/A

Purpose of Submission	Objectives of this submission is to obtain approval from MCB: <ul style="list-style-type: none"> To write-off and dispose obsolete Sea Eagle Materials at Onne Warehouse To dispose the obsolete materials in line with our scrap disposal policy To obtain NAPIMS approval for the disposal of the materials
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Declaration	Declaration: 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 their Line Manager.				
	Accountable Parties: Whole submission & process		Approval or Approved for SCC/MTB submission		
	Asset Management Integration Lead	West Asset Manager	Finance Manager SPDC Asset	MM Manager	PLMMM Manager
Sign		DocuSigned by: Meshach Maichibi	DocuSigned by: Isaac Audu Usman	DocuSigned by: Stewart Dunbar	DocuSigned by: Chibina Okpoechi
Name	Christopher Ugochukwu	Meshach Maichibi	Isaac Audu Usman	Stewart Dunbar	Chibina Okpoechi
Ref Ind.	UPO/G/UWE	UPO/G/UW	FUP/OG	PTC/U/GL	PTC/U/GL
Date					

Approving Authority {Based on Net Book Value: <\$100,000 (**Asset Holder +Asset Mgr+BFM+PM MM+ CP Ops Mgr**); >\$100,000 <\$250,000 (**SCC**); >\$250,000 (**MTB**)

***Note: NAPIMS Approval is required if Estimated Market Value is > N100, 000(F\$500)**

Approval:	
MTB Chairman	
Signature	Scott, Ian
Name	
Ref Ind.	DED30811EC31434
Date	

A) Executive Summary	<p><i>Brief summary of entire submission that tells entire story in few sentences (Include purpose and objective of the submission and any other key points.</i></p> <p>To seek MTB approval to write off and dispose obsolete Sea Eagle Materials.</p> <p>All the materials being proposed for write-off and disposal have been reviewed by the end-users and have been ascertained as no longer needed for our operations. These materials are part of the obsolescence provisions as at end of the second quarter of this year (Q2 2019).</p> <p>All the materials will be disposed in line with our scrap disposal policy.</p> <p>On receipt of MCB support, all the materials being proposed for write-off and disposal shall be de-stocked to eliminate any possibility of replenishing them.</p>
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B) Background	<p><i>Background (Brief Summary of the life cycle of the item from purchase to current data, including original acquisition, inspection report, any maintenance or preservation schedule/reports, asset locations, current state, etc)</i></p> <p>The identification and review of obsolete materials in our inventory is part of our process of ensuring that we maintain fit for purpose materials in our Inventory as well as maintaining a right sized inventory. It is also a SOX requirement that we run a yearly report to identify obsolete materials which are then subjected to review by the end-users or technical authorities to ascertain if these materials are still fit for use or are to be written-off and disposed.</p> <p>All the materials been proposed for write-off and disposal have been subjected to Sea Eagle end-users review with the review outcome showing that they are obsolete, and others expired and no longer fit for use by EA Asset. The list was then shared with other Assets in the organization including SNEPCO. None of the Assets showed any interest in any of the materials except the IT department that indicated interest in six of the line items. The six-line items were expunged from the list and will be reserved for the IT department.</p> <p>Our ongoing review of surplus and obsolete Inventory clean-up campaign will ensure we have the right-size inventory while maintaining material availability. With the write-off approval from the board, all the materials will be posted to the Surplus stores in SAP to maintain their visibility till they are finally disposed.</p> <p>Our disposal strategy will be to invite for expression of interest all the vendors in our data base for the competitive bidding for SPDC share of the lot. It is hoped that this process will generate more revenue to the JV.</p> <p>All the materials being proposed for write-off and disposal have reached their obsolescence threshold and write-off provisions have been made for them in the books for this year.</p>
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C) Justification/Investigation	<p><i>(Reason for write-on/off/disposal, inspection report, condition of materials, confirm write-off from inventory –attach reports where applicable)</i></p> <ul style="list-style-type: none"> ✓ Ensuring we have the right-size inventory as an organization ✓ Eliminating the stock holding cost for these materials and deliver on Group Materials Management improvement programme. ✓ Creating storage space for materials that are needed for our operations
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D) Detailed Material Records	Schedule of materials being written off/disposed and pictures per disposal lot.					
	SAP Material No. (Where Applicable)	Short Description	Qty	UoM	Acquisition Cost	Estimated Market Value
		Attachment-1			F\$2,146,154.01	F\$107,307.70

E) Disposal Strategy	Disposal Strategy in line surplus/scrap disposal policy	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
	<i>If no; clarify/explain any deviation</i> The material will be advertised to other International Oil Companies, Nigerian Oil Companies and other reputable companies through publication in Nipex and Ampelius platforms.	
	<input type="checkbox"/> Specialized disposal to be advertised? <i>If yes, give reasons why this is classified as specialized disposal.</i>	
	Allocation Ratio in line surplus/scrap disposal policy	Yes <input type="checkbox"/> No <input type="checkbox"/>
	<i>If no; clarify/explain any deviation</i>	
F) Trade Control	Trade (Export/Import) Control elements present in the work scope? E.g. ECCN, End User Certificates Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If yes, please attach support from Trade Control SME The materials are not listed as a High-Risk Trade Control Category, nor are they made from corrosion resistance alloys.	
G) Tendering Strategy	<input checked="" type="checkbox"/> Sealed Hard Copy Bids <input checked="" type="checkbox"/> OLB <input checked="" type="checkbox"/> E-Bid <input type="checkbox"/> Others (Specify below)	
H) Bidders' List	<i>Insert a list of bidders with IDD status and basis of recommendation</i> See attachment 2. SEPCiN Bidders List	
I) Commercial Considerations	<i>What is the value to Company for this submission and the write off/disposal?</i> The proceeds from the disposal will also generate funds for the JV. Warehousing cost for these materials will also be eliminated.	
J) Risk & Mitigation	<i>State what could go wrong in the whole tendering, disposal process and state what we are doing to mitigate or reduce shell exposure to the risk</i> The use of vendors that do not have IDD clearance could lead to exposure for SPDC. To eliminate this, only vendors that are IDD cleared will be invited for the bidding exercise.	
K) HSE impact	<i>Any special considerations e.g. special disposal procedures?</i> Evacuation of the written-off materials shall be carried out in line with our Surplus and scrap evacuation procedure.	
L) NAPIMS & compliance to JOA/PSC	<i>e.g. inspection of assets, permission to dispose (attach a copy of NAPIMS approval or latest correspondence)</i> NAPIMS approval to be secured following internal board approval.	
M) Other issues	<i>e.g. special consideration for host community, disposal to staff only, etc.</i> N/A	

Attachment-1: Detailed material record of production/maintenance spares signed-off by relevant TAs

Attachment 2: SEPCiN Bidders List