



THE SHELL PETROLEUM DEVELOPMENT COMPANY OF NIGERIA LIMITED

CONTRACTS COMMITTEE SUBMISSION

Confidential

Part B – Contract Award

Date: 01/04/2022

Category	Petroleum Product	Contract ID:	CW558709 (Formerly NG01023452)
Contract Title:	PROVISION OF FUEL MANAGEMENT SERVICES		
HSE Mode & Risk	Medium & Mode-1		
Agenda Item	(TB secretary to complete)		
Proposed Authorized Contract Value (ACV)	NGN 187,160,000.00	Segmentation (Click here to access tool)	Tactical
Proposed expenditure while pending NAPIMS approval	NGN 23,395,000.00		
Start & End dates	01/08/2022 – 31/07/2025	Duration	3yrs
		Extension options	1yr

PURPOSE

To seek approval from CCB for the following:

- Award subject contracts to the following bidders at the most competitive tendered rates representing 43.78% of the ECV as follows:

S/No.	Vendor	% Split	Total ACV NGN (3years)	Total ACV NGN (1 Year)	Total ACV NGN (3+1years)	LDL ACV NGN (6 months)
1	HOECHY DEVELOPMENT LTD	60	84,222,000.00	28,074,000.00	112,296,000.00	14,037,000.00
2	INTEGRATED OIL SHORE SERV. NIG.	40	56,148,000.00	18,716,000.00	74,864,000.00	9,358,000.00
			140,370,000.00	46,790,000.00	187,160,000.00	23,395,000.00

- Execute 6 months interim agreement for the 2 vendors as follows :
 - ✓ HOECHY DEVELOPMENT LTD = NGN 14,037,000.00 and
 - ✓ INTEGRATED OIL SHORE SERV. NIG = NGN 9,358,000.00 pending NAPIMS formal approval and subject to eLDL approval.

Stakeholders Endorsement:

	SC Commercial Manager	Contract Owner
	Reviewed and approved for submission to CCB and confirms: <ol style="list-style-type: none"> Alignment with approved Category Strategy (& Global Category Strategy where applicable) Compliance with the NOGICD Act & Community Content commitments. 	Reviewed whole submission and confirms support from: <ol style="list-style-type: none"> Finance [Muritala Abdulazeez] - 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) HSSE [Ilamina Ebinum] - HSSE consideration and requirements are met
Signature		
Name	Eboh, Dorothy	Odiase, Arese
Date		

Approval

CCB Chairman

Signature	
Name	
Date	

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 the Contract Owner, CP Manager and the Supply Chain Council/Tenders Board.

SECTION A: CONFORMANCE TO CONTRACT PLAN (PART A)**APPROVAL REFERENCES**

Reference & dates of CCB, NAPIMS approvals (attach the latest Tender Board Minutes & NAPIMS approval/ correspondence).

Tender Activity	Approval Date
CCB Approval of strategy Part A1 (Part A Transmittal document to NAPIMS)	22/12/2017
NAPIMS approval of strategy and advertisement	22/06/2018
NAPIMS revised approval of strategy and advertisement	22/10/2018
Technical Bids evaluation concluded and aligned with NAPIMS	23/09/2021
NCDMB Technical Report	29/06/2021
Line/CP Approval of Technical Evaluation (Part A2 Transmittal document to NAPIMS)	28/09/2021
Commercial bid opening	14/10/2021
Commercial Bids evaluation concluded and aligned with NAPIMS	08/11/2021
NCDMB Commercial Report	20/12/2021

BACKGROUND

The contract strategy was approved by SPDC and NAPIMS on 22/12/2017 and 22/10/2018 respectively. **Ref Attachment 1 & 2- Part A approval & NAPIMS approval respectively.**

Technical and Commercial ITT was published in NipeX on 19/01/2021 to four hundred and thirty-six (436) NJQS prequalified bidders with a bid closing date of 19/03/2021. The technical evaluation criteria (TEC) was submitted for NAPIMS approval in NipeX immediately after the bid submission deadline. The Technical Evaluation criteria was approved by NAPIMS on 13/04/2021. The bids were opened for evaluation on 21/04/2021.

The joint (SPDC/NAPIMS) Technical evaluation was finalized and signed off on 22/09/2021 **Ref Attachment 3-Sign of Technical result.**

Line/CP Approval of Technical Evaluation was obtained on 28/09/2021. **Ref Attachment 4-Signed Part A2**

However, only twenty-five (25) bidders passed the joint NAPIMS & SPDC technical evaluation and complied with NCDMB requirement.

NCDMB Technical Evaluation report was received on 29/06/2021. **Ref Attachment 5-NCDMB Technical evaluation report.**

The Commercial Tender of the twenty-five (25) Technically qualified bidders were opened and downloaded from NipeX on 14/10/2021. Commercial evaluation was completed and finally reconciled and signed off with NAPIMS on 08/11/2021. **Ref Attachment 6- SPDC/NAPIMS signed Commercial evaluation result.**

NCDMB Commercial Evaluation report was received on 20/12/2021. **Ref Attachment 7-NCDMB Commercial evaluation report.**

CHANGES FROM STRATEGY

The contract was originally scheduled to commence in Q2 2018, however because of delays encountered during the tendering process, the contract is now to commence in Q2 2022.

SUMMARY OF VALUE CONTRIBUTION

State N/A where not applicable. Only applicable to contracts with direct impact on production. Do not use total Bonga/Field production numbers unless the contract can result in complete shutdown of the field.

	Benefit	Losses
Safety		
Production – Oil ('000 b/d)	N/A	
Production – Gas (mscf/d)	N/A	
Reserves (mboe/d)	N/A	
Flares reductions (mscf/d)	N/A	
Cost Saving	\$62,698.24	

Savings recorded:

The vendor's quote is computed to represent 43.78% of the company estimate which is also based on current contract rates. Consequently, there is a projected 56.22% savings estimated over the contract life of 3+1 years option to extend.

Company estimate	Total Award Value	Savings
NGN 427,546,400.00 (F\$ 1,017,967.62)	NGN 187,160,000.00 (F\$ 445,619.05)	NGN 240,386,400.00 (NGN 60,096,600.00 per year) (F\$ 572,348.57 (F\$ 143,087.14 per year)

Saving Based on OP21 budget.

OP21 budget is F\$174,103.00, savings based on tender is F\$ 143,087.14. Bankable saving is F\$62,698.24 based on budget. The exchange rate applied is N420 to 1 \$

SECTION B: RESULTS AGAINST AGREED CRITERIA**TECHNICAL EVALUATION**

Summary of technical evaluation including scores (high level only). MoM and issues encountered during evaluation, resolutions and outcomes (Attach Part A2 if relevant)

- Technical and Commercial ITT was published in NipeX on 19/01/2021 to four hundred and thirty-six (436) NJQS prequalified bidders with a bid closing date of 19/03/2021.
- The Technical bid opening was done with NAPIMS on 21/04/2021.
- One hundred and twenty-two (122) responded out of Four hundred and thirty-six (436) invited bidders.
- A total of 37 (thirty-seven) bidders passed the joint NAPIMS & SPDC technical evaluation (desktop verification); while 69 (sixty-nine) complied with NCDMB requirements.

However, only Twenty-five (25) bidders qualified to progress to commercial stage having passed both the joint NAPIMS & SPDC technical evaluation (desktop verification) and complied with NCDMB requirement.

Table A1- Summary of Technical Evaluation Results

S/N	RECOMMENDED BIDDERS	TECH. EVAL. SCORE %	NCDMB TECH RESULT	VENDOR IDD STATUS AS AT 01/03/2022	PREVAILING INFLUENCE
1	ANOSYKE GROUP OF COMPANIES LTD	90.00	COMPLIED	01/31/2024	Mode 1
2	FEDOZ NIG. LTD	86.00	COMPLIED	06/30/2024	Mode 1
3	WILKRISS NIG LTD	82.00	COMPLIED	Cleared	Mode 1
4	GIC OIL AND GAS SERVICES LIMITED	79.00	COMPLIED	Not Cleared	Mode 1
5	ALFA DESIGNS NIGERIA LIMITED	78.00	COMPLIED	Cleared	Mode 1
6	HOECHY DEVELOPMENT LTD	78.00	COMPLIED	01/01/2040	Mode 1
7	MCCXEN LTD	78.00	COMPLIED	01/01/2999	Mode 1
8	CONCAVE ENERGY SERVICES LTD	73.00	COMPLIED	Cleared	Mode 1
9	WESTERN DEVELOPMENT COMPANY LTD	73.00	COMPLIED	04/30/2024	Mode 1
10.	VAGAN OIL & GAS LTD	69.00	COMPLIED	01/01/2040	Mode 1
11.	ANCHOR-MARIC NIGERIA LTD	68.00	COMPLIED	Cleared	Mode 1
12.	FISOMAH SERVICES NIGERIA LTD	68.00	COMPLIED	09/30/2021	Mode 1
13.	INTEGRATED OIL SHORE SERV. NIG.	68.00	COMPLIED	Cleared	Mode 1
14.	IZZY GLOBAL RESOU. Ltd	68.00	COMPLIED	Cleared	Mode 1
15.	BLUEVELD NIGERIA LTD	67.00	COMPLIED	Cleared	Mode 1
16.	GAMSTEC INTEGRATED SERVICES LTD	65.00	COMPLIED	01/01/2040	Mode 1
17.	TRUE BLUE ENERGY SERVICES LTD	65.00	COMPLIED	01/01/2999	Mode 1
18.	MELCURT LTD	64.00	COMPLIED	01/01/2040	Mode 1
19.	MG VOWGAS LTD	62.00	COMPLIED	Cleared	Mode 1
20.	ANBE NIGERIA LTD	62.00	COMPLIED	Cleared	Mode 1
21.	MONICA ENGINEERING SERVICES LTD	61.00	COMPLIED	Cleared	Mode 1
22.	DARHATSHI ENGINEERING SERVICES LTD (Formerly CYBER ENERGYS LIMITED)	60.00	COMPLIED	Cleared	Mode 1
23.	ENGINEERING AUTOMATION TECHNOLOGY LTD	60.00	COMPLIED	01/31/2024	Mode 1
24.	KTV VALUE ADDED OIL SERVICES LIMITED	60.00	COMPLIED	Cleared	Mode 1
25.	M B AND C INVESTMENT LTD	60.00	COMPLIED	01/01/2040	Mode 1

THE SHELL PETROLEUM DEVELOPMENT COMPANY OF NIGERIA LIMITED

Contracts Committee Board Submission

COMMERCIAL EVALUATION

The commercial bids were downloaded from NIPEX on 14/10/2021 and joint (SPDC/NAPIMS) commercial evaluation commenced same day. The SPDC/NAPIMS joint commercial evaluation Team signed off the Commercial evaluation result on 08/11/2021.

From the commercial evaluation, the following were observed:

- Twenty-five (25) bidders submitted bids that ranged from 43.78% - 1622.21% of the company estimate.
- The Part A approved strategy is to award two (2) contracts to the two lowest bidders at the lowest bidder's rates in a ratio of 60:40.
- NCDMB commercial report was obtained on 20/12/2021.
- The commercial result from the joint SPDC/NAPIMS/NCDMB evaluation result is as follows:

S/No	Vendor	1 year	3Years	3 +1 Years	%ECV	NCDMB Commercial Result
	Company Estimate	106,886,600.00	320,659,800.00	427,546,400.00	100%	
1	Hoechy Development Ltd	46,790,000.00	140,370,000.00	187,160,000.00	43.78	Complied
2	Integrated Oil Shore Serv. Nig.	63,565,000.00	190,695,000.00	254,260,000.00	59.47	Complied
3	Concave Energy Services Limited	92,871,177.00	278,613,531.00	371,484,708.00	86.89	Complied
4	Darhatshi Engineering Services Ltd (Formerly Cyber Energys Limited)	100,448,983.00	301,346,949.00	401,795,932.00	93.98	Complied
5	Wilkriss Nig Ltd	101,542,270.00	304,626,810.00	406,169,080.00	95.00	Did not Comply
6	M B And C Investment Ltd	101,813,000.00	305,439,000.00	407,252,000.00	95.25	Complied
7	Anosyke Group of Companies Ltd	106,785,401.00	320,356,203.00	427,141,604.00	99.91	Complied
8	Gamstec Integrated Services Limited	119,370,375.57	358,111,126.70	477,481,502.27	111.68	Complied
9	Mccxen Ltd	130,200,000.00	390,600,000.00	520,800,000.00	121.81	Complied
10	True Blue Energy Services Ltd	134,980,000.00	404,940,000.00	539,920,000.00	126.28	Complied
11	Western Development Company Ltd	148,260,000.00	444,780,000.00	593,040,000.00	138.71	Complied
12	Monica Engineering Services Limited	158,810,000.00	476,430,000.00	635,240,000.00	148.58	Complied
13	Vagan Oil & Gas Ltd	213,475,566.25	640,426,698.75	853,902,265.00	199.72	Complied
14	Engineering Automation Technology Ltd	233,011,680.00	699,035,040.00	932,046,720.00	218.00	Complied
15	Blueveld Nigeria Ltd	242,331,500.00	726,994,500.00	969,326,000.00	226.72	Complied
16	Alfa Designs Nigeria Limited	250,392,180.00	751,176,540.00	1,001,568,720.00	234.26	Complied
17	GIC Oil and Gas Services Limited	315,600,000.00	946,800,000.00	1,262,400,000.00	295.27	Complied
18	Fisomah Services Nigeria Limited	318,032,000.00	954,096,000.00	1,272,128,000.00	297.54	Complied
19	Anbe Nigeria Ltd	332,135,000.00	996,405,000.00	1,328,540,000.00	310.74	Did not Comply
20	Melcurt Ltd	342,041,811.30	1,026,125,433.90	1,368,167,245.20	320.00	Complied
21	KTV Value Added Oil Services Ltd	622,347,784.24	1,867,043,352.72	2,489,391,136.96	582.25	Complied
22	MG Vowgas Ltd	996,800,000.00	2,990,400,000.00	3,987,200,000.00	932.58	Complied
23	Anchor-Maric Nigeria Ltd	1,239,687,651.04	3,719,062,953.11	4,958,750,604.14	1159.82	Complied
24	Izzy Global Resou. Ltd	1,600,400,000.00	4,801,200,000.00	6,401,600,000.00	1497.29	Complied
25	Fedoz Nig. Ltd	1,733,930,000.00	5,201,790,000.00	6,935,720,000.00	1622.21	Complied

Proposed Post Tender negotiation:

- Bid clarification has been done with the lowest bidder, they confirmed their understanding of the scope and their ability to provide the required services at their quoted rates without requesting for a rate variation within the contract duration. **Ref attachment 8.** In addition, vendor has indicated that his organisation is currently providing same services for other organisations in the Oil and Gas Industry and would through effective Project resource management makes sure they utilise all their current resources (staff and equipment) as efficiently as possible, without compromising on safety. For this reason, Vendor's quoted rate for the element of Provision of Pump maintenance and Pressure testing of Hoses is around 20% of the company estimate.
- In line with the approved strategy, negotiation was held with the 2nd lowest bidder, and they accepted the current market rates. **Ref attachment 9**

Table 1: Outcome of negotiation

S/No	Vendor	Vendor's Initial quote (NGN)	Negotiated quote (NGN)	%ECV
	Company Estimate	427,546,400.00		
1	Hoechy Development Ltd	187,160,000.00	Nil	43.78
2	Integrated Oil Shore Serv. Nig.	254,260,000.00	187,160,000.00	43.78

BASIS OF AWARD & RECOMMENDATION

Award is made based on lowest acceptable values. Estimated contract ceiling is derived by applying rates to notional quantities.

Award Recommendation:

In line with the Part A strategy approved by SPDC/NAPIMS, two (2) contracts are proposed to be awarded in a ratio of 60:40.

Based on the foregoing, award is thus recommended as follows: -

- Award subject contracts to the following bidders based on approved award strategy representing 43.78% of the company estimate as follows:
 - HOECHY DEVELOPMENT LTD at an ACV of NGN 112,296,000.00 for a period of 3+1 years.
 - INTEGRATED OIL SHORE SERV. NIG. at an ACV of NGN 74,864,000.00 for a period 3+1 years.

The total contract award value is NGN 187,160,000.00 for a period 3+1 years.

- Execute 6 months interim agreement for the 2 vendors as follows :
 - ✓ HOECHY DEVELOPMENT LTD = NGN 14,037,000.00 and
 - ✓ INTEGRATED OIL SHORE SERV. NIG = NGN 9,358,000.00 pending NAPIMS formal approval and subject to eLDL approval.

TRANSITION PLAN / COST OF IMPROVEMENTS (IF APPLICABLE)

Describe the high-level change management plan when recommending a change from one supplier to another (or many), including the key actions, milestones, roles and responsibilities.

Transition plan from current contract is expected to take 4weeks from contract kick off meeting start date, presently we have existing minor contracts will expire 30th of April 2022. **Ref Attachment 10 – Mobilization Plan**

APPROVED CONTRACT VALUE

Two (2) contracts are proposed to be awarded to the lowest and second lowest bidders at their quoted/negotiated rates. The contract award value is NGN 187,160,000.00 for 3 years + 1 year extension option, split in the ratio of 60:40 respectively.

COMPLIANCE TO MODEL TERMS & CONDITIONS

Declare any discrepancy and outstanding T & C issues raised by successful Bidder. Is CARM sign-off required? NCD targets included?

MCL based and localised standard terms and conditions were used for the specimen contract document attached to the commercial ITT. No issues noted in the commercial bids of the bidders recommended for award.

GOVERNMENT INTERMEDIARY (GI) ELEMENT

GI elements present in work scope?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
If yes, GI terms & conditions included in contract?	<input type="checkbox"/> YES	<input type="checkbox"/> NO

IDD STATUS

What is current IDD status regarding successful bidder(s)?

All two (2) vendors are IDD Cleared. **Ref Attachment 11 – IDD screen shot.**

S/N	RECOMMENDED BIDDERS	VENDOR IDD STATUS
1.	HOECHY DEVELOPMENT LTD	01/01/2040
2.	INTEGRATED OIL SHORE SERV. NIG.	Cleared

SECTION C: POST AWARD CONTRACT MANAGEMENT**KEY PERFORMANCE INDEX (KPI) (FROM PART A)**

Business Objective	KPI	Measure	2022 Target	Frequency Measured
HSSE	Total Recordable Case Frequency (TRCF)	Per million man hours	0.00	Monthly cumulative
Fuel Management Facilities	Compliance to approved Fuel Management standard	Per call	100%	Monthly
Adherence to Maintenance schedule	Maintaining Schedule -Quarterly	100%	100%	Quarterly

CONTRACT MANAGEMENT PLAN (CMP)

Not Applicable

HSE PLAN

Contract HSE plan will be finalised post award and prior to contract release in SAP.

NIGERIAN CONTENT EXECUTION PLAN

State the Nigeria Content Schedule A target(s) in contract, describe the main activities and training plan proposed.

***If winning vendors are more than one, 'a- c' information below should be completed for each vendor.**

a. Indicate Schedule target(s) and vendors Nigerian Content pledge (s) e.g.

Work Category	Schedule Target	**Vendor's NC Pledge	Measuring Metrics	Agreed actions including authorisation to import
Service station Tank Maintenance	75%	100%	Spend	
Service Instrument Testing/Calibration Services	85%	100%	Man-hour	
Service station Pump Maintenance	80%	100%	Spend	

b. Nigeria Content Summary Work scope.

**** Describe all the proposed Nigerian Content activities in the ITTs for inclusion in proposed contracts.**

Vendor's training plan in alignment with pre-approved Project's Nigerian Content Plan and also in line with the human development capacity guide 2014

	Training Type	No of Trainees	Total Man-hours/man-years	Name / Level of Certification
1	N/A	N/A	N/A	N/A

Training is for National Skill pool per NCDMB database.

All training must be certifiable and in line with NCDMB training guidelines.

c. Global Sustainable Sourcing opportunity (provide details of the global sourcing opportunity utilised and capacity gap addressed).

d. Nigerian Content Compliance Certificate required prior to award approval recommendations to NAPIMS

****Where the NC pledge falls short of set minimum targets by law an authorisation to import may be required for these categories.**

COMMUNITY CONTENT NIGER DELTA CONTENT EXECUTION PLAN













The contractor shall provide specific aspects of the work to the local communities. Additionally, 100% of non-technical labour will be drawn from the host communities. This in addition to providing employment for host communities, also contribute to SPDC's drive of developing the competence and capacity of host communities' labour force.

RISK ASSESSMENT

Risk Description	Likelihood (H / M / L)	Impact (H / M / L)	Mitigating Actions	Action Owner
Working on fuel storage tanks, pipelines and pumps.	M	H	<ul style="list-style-type: none"> Verify Isolation (Life-saving rule 4) Use of PTW system (Life-saving rule 8) Conduct gas test (Life-saving rule 5) Inspection (Physical check) 	Contract Holder and Contractor
Alternatives are not viable	H	M	<ul style="list-style-type: none"> Ensure use of job hazard analysis/permit to work/use of SHOC card/ proper chemical handling and use of adequate PPEs 	CMT
Poor Contractor Performance	M	H	<ul style="list-style-type: none"> Robust technical evaluation criteria to identify strong and competence vendors. Strict requirements and consistent monitoring of KPIs 	CMT
Market forces- Inflation (spike in price) during the life span of the contract that may erode the margin of profit for the vendors and ultimately affect their ability to deliver, especially in swamp locations.	H	H	<ul style="list-style-type: none"> Tendering strategy is to have each tenderer submit quote in three different years. The contract will apply these three different quotes progressively, starting from the first year to the third year. 	CMT
Community agitation as minor contract is operated with only community vendors.	H	M	<ul style="list-style-type: none"> Community vendors will be encouraged to register in NipeX to be afforded the opportunity to participate in the tender. 	CMT/ ER

Ref attachment 12- RAM

ATTACHMENT:

1. Part A approval	2. NAPIMS approval	3. Sign of Technical result	4. Approved Part A2	5. NCDMB Technical evaluation report	6. SPDC/NAPIMS signed Commercial evaluation result.
 SPDC_SCCT_17_40 - 1 - PROVISION OF FL	 Re- Provision Of Fuel Management Services	 Summary Sheet_signed.pdf	 CW558709_ Part A2_signed.pdf	 NCDMB Tech Report -PROVISION OF FUEL	 Commercial Evaluation_Summary
7. NCDMB Commercial evaluation report	8. Bid Clarification MoM & Lowest bidders quote Vs ECV.	9. Vendor's Acceptance	10. Transition Plan	11. IDD screen shot	12. RAM
 NCDMB Commercial Report.pdf	 MoM for bid clarification meeting_1  Comparison of Company estimate to	 Vendor's acceptance.pdf  Commercial Bid Clarification _ Fuel Pu	 Mobilization Plan.xlsx		