



## MAJOR CONTRACTS BOARD SUBMISSION

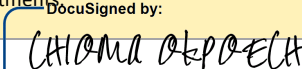
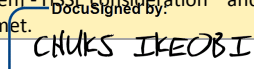
**Confidential****Part C – Variation Order No. 05 Date: 04/05/2020**

Category	BMM	Contract ID: / SAP Contract No:	NG01023630 / 4610047695
Contract Title:	PROVISION OF EMERGENCY DIVING SUPPORT SERVICES		
HSE Mode & Risk	2, HIGH		
Contractor:	TETHYS PLANTGERIA LIMITED		
Agenda Item			
		F\$	Expiry Date
Original ACV		4,557,474.00	15.08.2018
Value of VO's approved to date		2,710,864.55	15.08.2019
Current ACV		7,268,338.55	15.08.2019
Value of commitments made to date 21.04.2020		5,531,280.94	15.08.2019
Value of this VO request		1,823,004.00	15.02.2021
Requested new ACV		9,091,342.55	15.02.2021
Current level of NAPIMS approval		0.00	TBA
<b>Proposed expenditure while pending NAPIMS approval</b>		<b>9,091,342.55</b>	<b>15.02.2021</b>

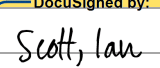
**OBJECTIVE OF THIS SUBMISSION IS TO OBTAIN APPROVAL FROM MCB FOR:**

1. Six months' time extension from 16.08.2020 to 15.02.2021
2. ACV increase of FUSD\$ 1,823,004.00 and e-LDL of the same value pending receiving approval by NAPIMS to enable business continuity from Aug'20 to Feb'21
3. To update the subject contracts details in ARIBA and SAP agreement without recourse to the MCB and transmitting to NAPIMS while reminding the NNPC board for the pending award approval.

**Stakeholder Endorsement:**

	Senior Procurement Manager	Contract Owner
	<b>Reviewed and approved for submission to MCB and confirms:</b> <ol style="list-style-type: none"> <li>1. Alignment with approved Category Strategy (&amp; Global Category Strategy where applicable)</li> <li>2. Compliance with the NOGICD Act &amp; Community Content commitments</li> </ol>	<b>Reviewed whole submission and confirms support from:</b> <ol style="list-style-type: none"> <li>1. Finance [Oluseun Adu] - 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)</li> <li>2. HSSE [Jackie Umoren] - HSSE consideration and requirements are met.</li> </ol>
Signature		
Name	Chioma Okpoechi	Chuks Ikeobi
Date		

**Approval:**

MCB Chairman	
Signature	
Name	Scott Ian
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: CHANGES

### REFERENCES & APPROVAL DATES FOR PREVIOUS APPROVALS

*References & dates of previous approvals by SCC/MTB, NAPIMS. (Attach the latest Tender Board Meeting Minutes & NAPIMS approval/ correspondence)*

- CCB Approved Contract Strategy on 15<sup>th</sup> March 2018
- NAPIMS Approval/support of Strategy was received via a MoM signed on 1<sup>st</sup> March 2018
- VO1 ACV Increase was approved by SCC on 25<sup>th</sup> May 2018
- VO2 Time Extension and ACV Increase was approved on 12<sup>th</sup> September 2018
- VO3 Time Extension and inclusion of additional service line item in SAP was approved on TBA
- VO4 Time Extension and Scope Increase was approved on 5<sup>th</sup> July 2019
- Subject contract NG01023630 held by Tethys/Plantgeria was put in place as stop gap following the sudden withdrawal of the DSV posh Elegance mobilized by Miden Systems Limited, one of the two major Contractors for PROVISION OF DIVING AND MARINE MAINTENANCE SERVICES which supported the 5 years diving contract.
- Following the original expiry date, a further two 6 months' and one 12 months' time only extension was approved by the CC to 15<sup>th</sup> February 2019, 15<sup>th</sup> August 2019 and 15<sup>th</sup> August 2020

### REASON FOR THIS VARIATION ORDER

*List changes/updates/variation. Where there is scope variation, state the Nigerian Content scope in new scope.*

- Following the fast approaching expiry date (15<sup>th</sup> August 2020) the CMT is proposing the extension of the subject emergency contract (NG01023630) held by Tethys/Plantgeria in a bid to provide contract cover for business continuity to the JV following the demobilization of DSCV PICASSO on the 29<sup>th</sup> April 2020.
- The extended contract will be expiring on the 15<sup>th</sup> of February 2021 and it will serve as a backup pending the award of a replacement tender and the commissioning into service of a replacement vessel.
- Hence this submission is to seek MCB approval to extend the contract for a further six months to 15<sup>th</sup> February 2021 and increase the ACV by **FUSD 1,823,004.00**.

### JUSTIFICATION

- The recent dip in the oil price, difficult operating environment as a result of covid-19 and the Shell Groups drive to conserve cash, demobilization of DSCV PICASSO (\$65k/day) contract to be replaced by the MV MELODY (\$26K/day) contract will result in a cost saving of approximately \$40k/day
- This contract work scope will enable statutory underwater inspections to be carried out to meet regulatory requirements and at the same time, reduce the risk/consequence for loss of crude oil production capabilities and its adverse effect on the national economy, HSE and asset integrity.
- Availability of this contract will provide flexibility as a vehicle for Emergency intervention in the absence of DCSV PICASSO. The case of December 2017 where multiple leaks occurred in Bonny and Forcados simultaneously requiring a DSV is a typical reference point.
- NAPIMS has supported all cash calls expended on the Tethys contract.
- Contractor Tethys/Plantgeria Ltd is IDD Cleared.
- The alternative contracts held by HYPROPS is yet to mobilize a Vessel and due to the high cost structure of their proposed vessel DSCV ANDY WARHOL, current contract is a more commercially attractive alternative
- There is significant headroom in the ACV to mobilize the contract for any emergent intervention needed.

### FINANCIAL STATUS

Original ACV (a)	Total value of all previous VOs (b)	Commitments to date 04.05.2020	ACV for this VO (c)	Total value of all previous VOs + this VO/Original ACV (b+c)/a
F\$	F\$	F\$	F\$	F\$ (%)

THE SHELL PETROLEUM DEVELOPMENT COMPANY OF NIGERIA LIMITED  
MAJOR CONTRACTS BOARD SUBMISSION

4,557,474.00	2,710,864.55	5,531,280.94	1,823,004.00	99.4%
--------------	--------------	--------------	--------------	-------

### 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)

- This VO shall ensure business continuity, IMR on crude oil export facility asset integrity and assure crude oil export and there is budget provision in the 2020 budget for the services and business continuity.

**Table 1: - Contracts Proposed ACV Increase;**

DESCRIPTION		TETHYS FUSD\$
Original contract ceiling		4,557,474.00
ELDL Approved contract ceiling in SAP		4,557,474.00
CCB Approved contract ceiling VO-1 (A)	Variation1 2,710,864.55	7,268,338.55
Current contract spend (B)		5,531,280.94
Available contract ceiling (C)		1,737,057.61
Expenditure forecast from Jul '20 to Feb '21 for activities (D)		3,570,049.50
Additional Ceiling Required to Cover Forecast of (D) – (C) = (E)	Variation 5 1,823,004.00	1,823,004.00
New Contract ACV following variation approval (E) + (A) = (F)		9,091,342.55

**Table 2: - Scope Description/Estimate;**

BUSINESS SCOPE DESCRIPTION	LOCATION	COST ESTIMATE FUSD\$
SPMs 1,2&3 topsides & Underwater Inspections Maintenance and Repairs (IMR) July/August 2020	Bonny Offshore	1,114,058.00
SPMs 1&2 topsides & Underwater Inspections Maintenance and Repairs (IMR) October 2020	Forcados Offshore	708,946.00
SPMs 1,2&3 topsides & Underwater Inspections Maintenance and Repairs (IMR) Feb/Mar 2021	Bonny Offshore	1,747,045.50
<b>TOTAL</b> (Expenditure forecast from Jul '20 to Feb '21 for activities) (D)		<b>3,570,049.50</b>

### 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, fall back and walk-away positions. Proposed Negotiation Team.

- Table 3 further below shows benchmark comparison between the TETHYS and MIDEN contract rates with the TETHYS contract being 16% (diving spread) and 61% (vessel) more commercially compared with MIDEN
- TETHYS has also agreed to maintain the contract rates, terms and conditions throughout the duration of the proposed extension period (see attachment 3)
- Nevertheless, an alternative negotiation strategy to further drive down the rates considering the low oil price situation can be explored by negotiating the cost of the diving Spread of circa \$13,543.00 per day, bare boat (MV MELODY) per day and all-inclusive rate (vessel & diving spread) of \$25,319.00 per day with the proposed negotiation mandate;
  - an aspiration of <85% of contract rates.
  - a fall-back of 90% of contract rates.
  - a walkaway of 100% of contract rates.
- On MCB's approval and achieving the proposed negotiation mandate the pricing structure as stated in contract NG01023630 and SAP agreement 4610047695 will be updated in ARIBA and SAP

**Table 3: - Diving Spread Contract Rates Comparison/Benchmark:**

ITEM DESCRIPTION	QUANTITY	TETHYS		MIDEN	
		UNIT RATES	TOTAL	UNIT RATES	TOTAL
Work boat with inboard diesel 200 HP	1	967.50	967.50	450.00	450.00
DAP (Diving Air Package)	1	1,579.00	1,579.00	3,250.00	3,250.00
Additional LARS	1	550.00	550.00	N/A	0.00
Cavi Blaster machine for U/W cleaning	1	300.00	300.00	300.00	300.00
Hydraulic Power Pack c/w hoses and tools	1	172.00	172.00	360.00	360.00
ACFM Instrument	1	350.00	350.00	1,800.00	1,800.00
FMD Instrument	1	250.00	250.00	300.00	300.00
CP Instrument Roxby Bathycorrometer	1	64.50	64.50	140.00	140.00
UT Instrument Cygnus 1	1	64.50	64.50	80.00	80.00
IMCA Air Diving Supervisor	1	1,083.60	1,083.60	1,200.00	1,200.00
Lead diver	1	503.10	503.10	700.00	700.00
DMT, Dive Medic Technician	2	503.10	1,006.20	700.00	1,400.00
ACFM Engineer Level 2	1	1,250.00	1,250.00	1,100.00	1,100.00
Inspection Controller 3.4U	1	1,006.20	1,006.20	900.00	900.00
CSWIP Level 3.1U/3.2U diver	4	735.30	2,941.20	500.00	2,000.00
Commercial diver	3	402.50	1,207.50	700.00	2,100.00
HSE officer	1	247.70	247.70	109.64	109.64
TOTAL COST PER DAY			13,543.00		16,189.64

## 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
Adequate	Adequate	Adequate	Adequate	Adequate

### 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.

- Life Saving Rules Compliance, Compliance with contract HSE plan - Good
- Fall-out from last HSE Capability Assessment Audit, indicated that contractor needs to improve on Management Facilities Inspection & inclusion "Safety" in Job description
- The contract kick-off meeting was the first major Post Award Contract Management activity carried out on the contract. A Business Performance Review is scheduled to hold once the main contract is approved by NAPIMS.

### NIGERIAN CONTENT EXECUTION PLAN

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

	Work Category	Schedule Target	Contractor's obligation	Current performance status	Agreed actions including authorisation to import
Award recommendation	Diving Support equipment /vessels	65	95	65	N/A
	Diving operations	75	75	80	N/A
Proposed variation	Diving Support equipment/ vessels	65	N/A	N/A	N/A
	Diving operations	75	N/A	N/A	N/A

NOTE: Any additional scope/change in contract terms must remain compliant with NOGICD Act.

Confirm records of vendor's Nigerian Content performance on contract to date. Non-compliance with provisions of the Act attracts 5% penalty of project cost or outright cancellation of project.

### NIGER DELTA CONTENT /COMMUNITY CONTRACTING EXECUTION PLAN

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

This continues to be in line with current contract provisions.

### RISK MANAGEMENT

Insert latest Risk Assessment Matrix

Risk Description	Likelihood (H / M / L)	Impact (H / M / L)	Mitigating Actions	Action Owner
<ul style="list-style-type: none"> <li>Current risk assessment remains valid on the contract.</li> </ul>				

### GOAL ZERO CONTRACTOR HSSE REQUIREMENTS

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) Current HSE Articles – State: Contract contains current HSE Articles Child Labour Clause – State: Contract contains current Child Labour clause.
- iv) HSE Capability Assessment – State: Remains valid at Amber Banding.
- v) Life Saving Rules Roll-out – Yes
- vi) Contract HSE Action Plan **OR** HSE Plan – State: Remains valid

43	<a href="#">TETHYS PLANTGERIA</a>	AMBER	3-Feb-2018	3-Feb-2021	VALID
----	-----------------------------------	-------	------------	------------	-------

#### ATTACHMENTS

1. Stakeholder support (Finance, NCD & SE)
2. Scope of Work 2020 to 2021
3. TETHYS email confirmation
4. Part C VO-1
5. Part C VO-2
6. Part C VO-3

7. Part C VO-4

					
DSV ACTIVITIES FROM MAY 2020 TO MELODY's READINES	Re_ DSV MV	VO-1	VO-2	VO-3	NG01023630 - PART C VO4 - TIME EXT. SC