



THE SHELL PETROLEUM DEVELOPMENT COMPANY OF NIGERIA LIMITED

CONTRACTS COMMITTEE /MAJOR CONTRACTS BOARD SUBMISSION

Confidential

Part B – Contract Award

Date: 17/05/2023

Category	Well Intervention	Contract ID:	
Contract Title:	Provision of Emergency Response Service at Escravos Beach		
HSE Mode & Risk	Mode 3 / High Risk		
Proposed Authorized Contract Value (ACV)	(F\$)7,886,285	Segmentation (Click here to access tool)	Operational
Proposed expenditure while pending NUIMS approval			
Start & End dates	Start Date: 01.04.2023 (or Date of Issue of 1st PO) End Date: 30.06.2023	Extension options	N/A
		Available Budget Amount	

PURPOSE

To seek approval from CCB to

- 1) Issue one-off POs of USD 4,713,211 plus NGN1,421,537,256 to pay for services deployed to contain Escravos Wells for the period Jan 23rd 2023-May 15th 2023 (See attachment for list of contractors/delivered scope for issuance of one-off PO)

Due to nature of emergency and in line with emergency contracting process, work was called out without POs following approval from relevant EC-3 Mgr

- 2) Use FI to pay SPDC Co-op West not registered with Shell the sum of NGN24,856,000.00 for the supply of humanitarian items to Escravos community

Stakeholder Support/ Approval:

	Supply Chain Commercial Manager(SCCM)	Contract Owner	CC/MCB Chairman
	<p>Reviewed and approved for CC/MCB and confirms:</p> <ol style="list-style-type: none"> 1. Alignment with approved Category Strategy (Global Category Strategy & Pure Service Model where applicable) 2. Compliance with the NOGICD Act & Community Content commitments. 	<p>Reviewed whole submission and confirms support from:</p> <ol style="list-style-type: none"> 1. Finance [Peter Oguntade] - 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). Confirm support from Technical Authority/SMEs and GM support where relevant 	

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		2. HSSE [insert name] - HSSE consideration and requirements are met	
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 OF STRATEGY REFERENCES

Approvals	Dates
Work with out PO approvals	1 st Feb 2023
Work with out PO approvals	21 st Feb 2023
Work with out PO approvals	22 nd Feb 2023

CHANGES FROM STRATEGY

This was an emergency call out and the emergency contracting process was used.

VALUE OPPORTUNITIES (Mandatory for Strategic Contracts. REF [Value Creation Guidance Note](#))

	Benefit	Losses
Safety	N/A	
Production – Oil ('000 b/d)	N/A	
Production – Gas (mscf/d)		
Reserves (mboe/d)		
Flares reductions (mscf/d)		
Cost Saving	TBC	

SECTION B: RESULTS AGAINST AGREED CRITERIA

TECHNICAL EVALUATION

Not Applicable – The community contractors used were nominated by the community (Escravos Location), while other contractors were a combination of Wells contractors and other relevant contractors who could mobilize to well site immediately All the contractors are IDD cleared (See Table Below).

S/ N	Recommended Bidders	IDD Status
1	HENTSOL-VICK RESOURCES NIG LTD	Green
2	OKPES CONSTRUCTION SERVICES LTD	Green
3	JEM-JIK GLOBAL SERVICES LTD	Green
4	PATLEY INT. CONCEPT LTD	Green
5	I-CITY HOTELS LTD	Green
6	ESINMON NIG COY	Green
7	EDURNS GLOBAL RESOURCES NIG LTD	Green
8	AMAGIBS INTEGRATED SERVICES	Green
9	Tecon Oil Services	Green
10	Netcore Integrated Services	Green
11	Weafri Nig Ltd	Green
12	Techdear Services	Green
13	Hoechy Development	Green

ONE-OFF PO RECOMMENDATION

Recommended Contractor	Proposed One-Off PO (NGN)	Proposed One-Off PO (USD)	Proposed One-off PO (FUSD)	Company Estimate (FUSD)	Basis Of Company Estimate
Hoechy Development	120,512,501	315,540	584,541	654,092	Contract rates in agreement CW501561.
Weafri Nig Ltd	22,050,000		49,218	59,938	. Contract rates for heavy equipment benchmarked against CW209950
Weafri Nig Ltd	4,304,412.00	16,991.10	27,338.24	27,338.24	Contract rates in CW399999 for the cementing scope
Okpes Construction Services Ltd	4,862,220		10,853		Based on markets rates for chairs (N500/day) and (NGN10,000/day) for canopies and SPDC rates for unskilled labor
Jem-Jik Global Services	16,957,155		37,850	31,266	Based on Wells reimbursable

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					approved rates for mobile toilets. Negotiated community rate is NGN22,000/day. Provided mobile toilets, constructed pit and repaired escravos bridge
Amagibs Integrated Services	1,446,900		3,229		Based on market rates for canopies
Allfreight Support Services Ltd	8,000,000		17,857	21860	Rates from CW209950
WILD WELL INC		3,689,677	3,689,677	3,689,677	Contract rates were used to arrive at cost. CW617903
Techdear Services Limited	175,959,000	589,380.00	1,012,358	1,012,358	Rates from CW209950
Tecon Energy Services	7,957,631.43	38,754.69	57,883.32	57,883.32	Rates taken from NG01013343
TECON OIL SERVICES	594,993,408		1,328,110	913,727.80	Rates from CW209950 for Lowbed/flatbed trucks. Earth moving equipment rates were based on existing market rates. Heavy equipment rates came with premium pricing for the following reasons-1) diff to get pre-mobed one, 2) cash outlay was huge and 3) heavy equipment was mostly mobilized from PH.
TEMILE & SONS DEV COMPANY	328,152,000.	49,560.00	782,042	693,430	Rates from CW209950 and NG01014896 for Lowbed/flatbed trucks/tugboats and barges. Earth moving equipment rates were based on existing market rates. Heavy equipment rates came with premium pricing for the following reasons-1) diff to get pre-

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					mobed one, 2) cash outlay was huge and 3) heavy equipment was mostly mobilized from PH.
Hentsol Vic Resources Nig Ltd	9,937,500		21,031	19,029	Rates were based on market rates for sand and repair of pipe
Mcdanus Nig Ltd	1,663,670		3,713		Rates were based on SPDC grass cutting rates.
Patley Intl Concepts	6,204,578		13,849	5500/month	Based on SPDC unskilled labour rate
Edurns Global Resources Nig Ltd	25,970,000		57,968	79,531	Based on rates from CW209950
SPDC Co-OP West	26,347,360		58,811		Market rate for various items
Netcore Integrated Services	58,978,921	2,008	133,657	160,096	Provision of cementing rates were from CW399999. Trucking costs estimate was based on CW209950
JOENY INTEGRITY NIG LIMITED	7,240,000.00	3,500.00	19,600	19,600	
JOENY INTEGRITY NIG LIMITED		6,300	6,300	6,300	Rates taken from NG01013343
BENRUNO & SONS SERVICE LIMITED		1,500	1,500	1,500	Rates taken from NG01013343
Grand Total	1,421,537,256	4,713,211			

Total cost avoidance achieved is circa **NGN211,816,224+USD411,751 (F\$884,555.07)**

Following approval to mobilize community contractors and other relevant contractors and in line with the emergency contracting process, The team mobilized various community workers/relevant contractors to provide services at the location of the well fire.

In line with the emergency contracting process, the work scopes and payment methods are below:

- 1) Company estimates were derived via the following (See attachment 1)
 - a) Wells Scope- Existing contract rates were used for the company estimate, ie- CW399999, CW209950, CW617903 and NG01013343. These covered well control services, provision of cross over, provision of cementing services and provision of ancillary equipment services.
 - b) Heavy equipment and earth moving equipment estimates were derived from contracts CW209950 and NG01014896. Some earth moving equipment was not in any contract, the rates for this category- excavator, bulldozer, bulldozer with vibro hammer and payloaders were derived from on spot hire rates.

- c) Community rates for unskilled labor, mobile toilets, chairs and canopies were derived from contract CW209950 while other community contract rates were not in any contract and was derived from existing market rates where individual cost of equipment was based on open market rates.
- d) Marine equipment rates were derived from contract 4610042901 while the provision of borehole rates were from CW501561.
- 2) Scope with existing contracts: contractors were to be paid according to the rates in their existing contracts, eg bush clearing and waste evacuation.
- 3) Scope with no contracts: these scopes were to be negotiated principally using a combination of rates existing in SPDC contracts as shown above, while others were based on existing market rates.
- 4) FI payments- scope delivered by vendors who are not registered with the company. For this one, established market rates for hotel accommodation was used, while open market cost for the humanitarian assistance items was agreed prior to supply. The requisite FI payments are for I-City hotels for accommodation following the influx of logistics, Wells, Oil Spill Response and other contractors who were not community based but mobilized for the emergency. SPDC Co-op west was used to purchase household items from the open market and donated to the community.

TRANSITION PLAN

There is no transition plan as this is a one-of situation

COMPLIANCE TO MODEL TERMS & CONDITIONS

Terms and conditions in existing contracts were used.

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

TRADE COMPLIANCE

N/A

To learn more on Trade control kindly access [Link](#)

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

Business Objective	KPI	Measure	2023 Target	Frequency Measured
E.g. HSSE	Total Recordable Case Frequency (TRCF)	Per million-man hours	0.00	Monthly cumulative

CONTRACT MANAGEMENT PLAN (CMP)

N/A

NIGERIAN CONTENT EXECUTION PLAN**Nigerian Content Development (NCD)**

Work Category	Schedule Target	**Vendor's NC Pledge	Measuring Metrics	Agreed actions including authorisation to import
Other Services	85%	100%	Spend	N/A

*** List of relevant Work Category/Categories to the contract as defined in the Nigeria Oil & Gas Industry Content Development (NOGICD) Act 2010**

****Where the Nigeria Content in-country capacity falls short of set minimum targets by law an authorisation to import may be required for these categories.**

b. Nigeria Content Plan (This is for ALL contracts >\$1m)

	Training Type	No of Trainees	Total Man-hours/man-years	Name / Level of Certification
1				
2				
3				
4				

POST AWARD RISK ASSESSMENT

Risk Description	Likelihood (H / M / L)	Impact (H / M / L)	Mitigating Actions		Action Owner
Unavailability of Equipment		H	H	Use best schedule as key driver for award	CH/CE
Delay in paying vendor		<u>H</u>	<u>H</u>	Put vendor on priority payment.	CH/CE
Community disruption of activities		<u>H</u>	<u>H</u>	Use external affairs team to leverage existing relationships to resolve any issues.	CH

ATTACHMENT:

Emergency Contracting Process	Work w/o PO approvals			
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**Issue RTA to NUIMs & Co-Venturers*