

To: Cam Chan (Supervisor)

From: Ruchit Bhardwaj (Vice President of Operations)

Subject: Update on the reimbursement request of \$3 million to Mr. Seth Adu of Ghanoil

Date: June 24, 2022

Purpose

We have leased our converter tank – Scorpio to Ghanoil for a period of 7 years. Ghanoil had requested installation of a small natural gas compression system aboard Scorpio 2 years ago. As per the contract agreement, Ghanoil was to reimburse all documented costs (\$3 million) within 45 days of the installation, which they have failed to do despite repeated requests. I have written a letter to Mr. Seth Adu of Ghanoil asking for prompt reimbursement of the outstanding amount along with the 3% annual interest, within the next 14 days.

Summary

In the letter, I explained Mr. Adu, the role that the installed natural gas compression system has had on their business. I also emphasized on the fact that installation was a choice that Ghanoil made to cut their losses during a time when oil production was at a decline – a decision, that has helped Ghanoil immensely. I touched base on their objection of paying the day-rate even when oil was not being produced. I have clearly mentioned in the letter that Ghanoil would benefit from the repayment of the reimbursement. I have also stated that I will reduce the annual interest by 5% if they are able to make the required payment, in full, within 14 days. I have also stated that we are open to discussions about subsidized day-rates when the contract renewal talks begin.

Discussion

I have known Mr. Adu for quite some time now and I believe he is a reasonable person. He holds a master's degree in the petroleum industry and understands the intricacies of the benefits that the natural gas compression system provides to their workflow. I feel that he is coming from a difficult position where his opinions are being influenced by the higher officials of the company. I chose to structure the letter in a way that provides clear cut insights as to what needs to be done, gives him some context regarding the problem, emphasizes the benefits that the gas compression system provides to their work and finally enlists on the actionable items that can be done to resolve this issue cordially and at the earliest. I chose to make him realize the fact that the gas compression system installation has allowed them to stay profitable for the past 5 years of its service and will help them reap more benefits in the years to come. Repaying the reimbursement would help both the parties to be on good terms and will be profitable to all those involved.

Conclusion

In my opinion, the tone of the letter, along with the coherent and logical arguments, will allow Mr. Adu and the higher officials to reconsider their stand. I'm hopeful that Mr. Adu's technical background would work in our favor and the repayment shall be processed within the fortnight.