



**Society of Petroleum Engineers
Nigeria Council**

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Our Ref: SPENC/2009-10/CTC 2010/001

Date: 8th March 2010

To : SPE Council
From : Chairman, Council Tenders Committee (CTC)

Proposal for Adoption of General Contracting Procedures (GCP)

Preamble:

- i. A motion for the creation of a Council Tenders Committee (CTC) was approved by the Council the January 29, 2010 meeting held in Tinapa.
- ii. One of the Terms of Reference of CTC is:
"Recommend to Council, new or updated General Contracting Procedures in line with all necessary industry and national regulations"

The following General Contracting Procedures have been developed and recommended for approval:

1. CTC shall establish principle of equity by creating a transparent and level playing field for all contract tendering processes. Contracting processes to include both old & new contractors according to their area of specialization or from an E and P industry JQS.
2. Contract categories shall be according to contract value and scope
 - Main Contract Types
 - a. Minor Contracts: Amounts up to N500,000
 - b. Major Contracts: Amounts above N500,000
 - Contract Categories
 - c. Procurement
 - d. Services
 - e. Technical (consultancy, construction etc)
3. Basic Contracting Procedure shall be used in managing Major Contracts, as follows:
 - a. Prequalification through Advert Publication or through selective bidding
 - b. Technical
 - c. Commercial
4. Handling of Contract Bids
 - At least six (6) members of the CTC must be present at the opening of a Contract Bid while the CTC Chairman and any 3 members can endorse the bid package.
 - Opening of Commercial bids to be done immediately after endorsement.

Exceptions to the Basic Contracting Procedure shall be on one-off basis and shall include, but not limited to the following:



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- i. Emergency circumstance that may result in loss of production time or failure of delivery target:-
- ii. Sole Source: parts for equipment that can only be provided by an "Original Equipment Manufacturer" (OEM) or their accredited sole agent within Nigeria.
- iii. Best in class service at competitive or historical price.

Adequate justification must be provided when the Single Source proposal is required.

5. NAICE Budget
 - a. CTC shall harmonise all common contractual elements in NAICE budget.
 - b. The tendering processes for ALL NAICE related contracts that fall into the major contracts category must be completed at least 3 months before the conference start date.
6. CTC shall establish clear processes for managing expenses on impress assigned to some offices.
7. Minor Contract Expenses.

CTC shall be informed of all Minor contract expenses. Council Secretary should be empowered to manage minor contracts. However, the buy-in of the council chairman should be sought. If need be an off line concurrence by the Council Chairman should be secured.
8. CTC shall recommend to Council, approval levels and limits on all expenditures (both SPENC & NAICE)
9. CTC shall set clear criteria to clarify areas of possible Conflict of Interest as it relates to the contracting process.
10. CTC shall establish "Contract Audit process to monitor post-contract execution.

Motion:

That SPENC adopts the General Contracting Procedures (GCP).

A handwritten signature in black ink, appearing to read 'Adeyemi Akinlawon', written over a circular stamp or seal.

Adeyemi Akinlawon
Chairman, Council Tenders Committee