

REQUEST FOR PROPOSALS

Title: INDUSTRY TECHNICAL COMMITTEE BILLING CONTRACTOR

Date: November 7, 2012

Industry Technical Committee Executive

Shawna Rolston, Statoil (Co-Chair)
Kevin McDougall, Husky (Co-Chair)
Diane Cameron, Nexen (Secretary)

REQUEST FOR PROPOSALS

1. INTRODUCTION

1.1 Purpose

The purpose of this RFP is to select a consultant to perform Invoicing Services for the Industry Technical Committee.

1.2 Definitions

In this RFP the following definitions shall apply:

"Bidder" means an entity that submits a Proposal;

"Closing Time" has the meaning set out in section 2.1;

"Contract" means a formal written contract between the ITC and a Preferred Bidder to undertake the Services;

"Evaluation Team" means the team appointed by the ITC Executive;

"ITC" means the Industry Technical Committee;

"Invoicing Services" means the work to be performed by the Successful Bidder which will be described in the Contract;

"RFP" means this Request for Proposals;

"Successful Bidder" means an entity that has been awarded a Contract;

"Preferred Bidder" means an entity that has been selected as the only party that the ITC will continue discussion with the intent of negotiating a final contract;

2. INSTRUCTIONS TO BIDDERS

2.1 Closing Time and Address for Proposal Delivery

Proposals must be received by:

Diane Cameron
Vice-President, Regulatory
Nexen Marketing

Address: 801 – 7th Avenue S.W.
Calgary, Alberta
T2P 3P7
diane_cameron@nexeninc.com
Fax number: 403-261-4333

on or before the following date and time (the “**Closing Time**”):

Time: 8:00 am local time

Date: November 23rd, 2012

The Evaluation Team expects to be in a position to commence negotiating detailed terms of the Contract around December 3, 2012 with the Preferred Bidder. The Contract must be authorized and signed by the ITC before becoming final.

2.2 Inquiries

All inquiries related to this RFP should be directed to Shawna Rolston, 403-724-6210, shrol@statoil.com or Diane Cameron, 403-699-4026, diane_cameron@nexeninc.com.

All questions and responses will be shared with all Bidders via email. Anyone interested in bidding should ensure their name is on the distribution list in order to ensure they receive all relevant data.

3. EVALUATION AND SELECTION

3.1 Evaluation Team

The evaluation and final decision of Proposals will be undertaken on behalf of the ITC by the Evaluation Team.

3.2 Evaluation Criteria

The Evaluation Team will compare and evaluate all Proposals to determine the Bidder's strength and ability to provide Invoicing Services in order to determine the Proposal which is most advantageous to the ITC, using the following criteria:

(a) Experience, Reputation and Resources

The Evaluation Team will consider the Bidder's past experience and other information gathered as per Schedule B.

(b) Technical

The Evaluation Team will consider the Bidder's experience and ability with respect to Invoicing on similar projects. Oil Marketing experience and/or an understanding of the industry practices surrounding forecasting, sales, transportation, current oil systems and the Alberta Registry will be considered an asset. Priority will be given to strong accounting skills and secondarily to oil marketing experience.

(c) Availability

The Evaluation Team will consider the Bidder's current commitments as this is intended to be a long term contract with a January 1, 2013 start date and an initial term of one year.

(d) Project Cost

The Evaluation Team will consider the Project Cost in the evaluation, bidders shall detail monthly fees for their services and any anticipated onetime costs

The Evaluation Team will not be limited to the criteria referred to above, and the Evaluation Team may consider other criteria that the team identifies as relevant during the evaluation process. The Evaluation Team may apply the evaluation criteria on a comparative basis, evaluating the Proposals by comparing one Bidder's Proposal to another Bidder's Proposal. All criteria considered will be applied evenly and fairly to all Proposals.

The Evaluation Team, in its sole discretion, may elect to not award the Contract to any of the Bidders if it deems necessary.

3.3 Format for RFP Bid Submission

Schedule B outlines the information required with each Proposal.

3.4 Negotiation of Contract and Award

If the Evaluation Team selects a Preferred Bidder or Preferred Bidders, then it may:

- (a) Negotiate a Contract with the Preferred Bidder(s) – see Schedule C for a Draft Contract; or
- (b) Enter into discussions with the Preferred Bidder(s) to clarify any outstanding issues and attempt to finalize the terms of the RFP, including financial terms and potential to complement Bidder's skill set by proposing a joint contract with another complementary Proposal. Bidders may be required to make a presentation to the Evaluation Team to clarify their Proposal.
- (c) If discussions are successful, the ITC and the Successful Bidder(s) will enter into and ultimately finalize the Contract(s); or
- (e) if at any time the ITC reasonably forms the opinion that a mutually acceptable agreement is not likely to be reached within a reasonable time, the Successful Bidder(s) will be given notice to terminate discussions, in which event the ITC may then either open discussions with another Bidder or terminate this RFP and retain or obtain the services in some other manner.

4. GENERAL CONDITIONS

4.1 Bidder's Expenses

Bidders are solely responsible for their own expenses in preparing and submitting Proposals, and for any meetings, negotiations or discussions with members of the ITC relating to or arising from this RFP. The ITC will not be liable to any Bidder for any claims, whether for costs, expenses, losses or damages, loss of anticipated profits, or for any other matter whatsoever incurred by the Bidder in preparing and submitting a Proposal, or participating in negotiations for a Contract, or other activity related to or arising out of this RFP.

4.2 No Contract

By submitting a Proposal and participating in the process as outlined in this RFP, Bidders expressly agree that no contract of any kind is formed under, or arises from, this RFP, prior to the signing of a formal written contract.

4.3 Conflict of Interest

A Bidder shall disclose in its Proposal any actual or potential conflicts of interest and existing business relationships it may have with the ITC or other related parties.

4.4 Confidentiality

All submissions become the property of the ITC and will not be returned to the Bidder. All submissions will be held in confidence by the ITC unless otherwise required by law.

SCHEDULE A – SERVICES

INTRODUCTION AND BACKGROUND

The ITC is the financial oversight committee that reviews and approves the budgets of the Crude Oil Logistics Committee (COLC), Equalization Steering Committee (EQ) and Crude Monitor and provides a stewardship role for these committees.

These industry committees are funded using an industry approved funding methodology:

- Feeder pipelines and selected truck and pipeline terminal operators will provide the designated Billing Contractor with monthly actual receipt volumes into each of their systems by stream, by shipper (or equivalent – on single shipper systems)
- All volumes provided in this manner will remain confidential (and are subject to a Confidentiality Agreement)
- Individual shippers will be invoiced for volumes subject to the ITC volume charge
- All volumes will be the most current actual volumes available
- All account reporting services will be provided to the ITC

SCOPE OF WORK

1. Create control mechanism and volumetric estimate for the ITC to set a 'mill rate' for shipper volumes to generate required revenue level to keep the ITC and ITC controlled budgets solvent.
2. Monthly Invoices
 - a. Prepare and distribute monthly invoices to all shippers of crude oil on all feeder pipelines and through selected terminals in western Canada by close of business on the first business day after the receipt of receipt volume information from feeder pipeline operators and selected terminal operators (the first business day after Shipper Balance Date as set forth by the Alberta Petroleum Marketing Commission)
3. Monthly monitoring of payments
 - a. Collection procedures as required
4. Quarterly Reports to ITC
 - a. Total monthly invoiced amounts
 - b. Total monthly collected amounts
 - c. Year-to-date invoiced amounts
 - d. Year-to-date collected amounts
 - e. Aged receivables
5. Records Retention
 - a. All financial records retained in accordance with Revenue Canada's tax record retention rules and regulations.
6. Methodology Change
 - a. If the ITC, at any time, determines that a change in the methodology used to calculate the Monthly Invoices is appropriate, such change will be communicated to the ITC Billing Contractor and a change to the Scope of Work will be discussed.

SCHEDULE B - FORMAT FOR RESPONDING

1. **Description of Company** – Tell us about your company and any relevant experience that your company has with similar projects.
2. **CV** of all person(s) proposed to provide services for the Project.
3. **Project Cost** – Prepare a monthly cost for the Project, identifying any one time costs that might be included.
4. **Current Commitments** – General description of the Company's current workload and the ability for the Bidder to initiate the Invoicing Services in a timely fashion. Please include commitments of all team members as well as the amount of time they will be working specifically on this project.
5. **Conflict of Interest** – Describe any current or potential conflict of interest in executing the duties.
6. **Communication** – If successful, explain how your company will communicate and interact with the ITC for direction, updates, etc.
7. **References** – Provide references for work your company has performed or projects delivered of a similar nature to the Invoicing Services.
8. **Resources** – Please outline all insurance coverage, including WCB and liability, as well as proof of incorporation. Please indicate if any additional resources will be required to complete the contract. Office space is the responsibility of the Bidder. The ITC will endeavor to facilitate meeting space when required.

SCHEDULE C - DRAFT CONTRACT

Set out below are the terms and conditions put forward to the Industry Technical Committee (“*ITC*”) by Billing Contractor (“*Billing Contractor*”) regarding the provision of and payment for 2013 *ITC* Invoicing Contractor services:

- 1 The term of the *ITC* Invoicing Contractor Agreement (“*Agreement*”) shall be from January 1, 2013 through December 31, 2013 unless and until *Agreement* is terminated by either party serving three months’ written notice on the other by the close of business of the last business day of September, 2013 or any prior month during the term of *Agreement*. In the event industry funding to *ITC* is cancelled or reduced by more than 20% during the term of *Agreement*, *Agreement* shall be terminated at the end of the next calendar month with no further notice required.
- 2 “*Billing Contractor*” shall provide certain specified services (“*Specified Services*”) to *ITC* as described in *Agreement* using sound and industry accepted practices in providing these services. “*Billing Contractor*” represents that, as of the date first written above:
 - a) it is, and will keep itself, knowledgeable of all legal requirements and business practices that must be followed or observed in providing *Specified Services* to *ITC* and it shall comply with all such legal requirements and business practices; and,
 - b) it has adequate financial and other resources to successfully complete its obligations under the terms of *Agreement*.
- 3 “*Billing Contractor*” shall not subcontract any of the work required to provide *Specified Services* without the prior written approval of *ITC*. “*Billing Contractor*” may, however, employ one or more persons to perform any task or tasks contributing to the provision of *Specified Services* at its sole discretion. All costs for such employees shall be borne by “*Billing Contractor*” except as provided for in the annual budget approved by *ITC*. Such employees shall be bound by the same standards of conduct as bind “*Billing Contractor*”, its Principal and its directors.
- 4 *Specified Services* introduced above, shall include:
 - a) Monthly Invoices
 - Prepare and distribute monthly invoices to all shippers of crude oil on all feeder pipelines and through selected terminals in western Canada by close of business on the first business day after the receipt of receipt volume information from feeder pipeline operators and selected terminal operators (the first business day after Shipper Balance Date as set forth by the Alberta Petroleum Marketing Commission)
 - b) Monthly monitoring of payments
 - Collection procedures as required
 - c) Quarterly Reports to *ITC*
 - Total monthly invoiced amounts
 - Total monthly collected amounts
 - Year-to-date invoiced amounts

- Year-to-date collected amounts
 - Aged receivables
- d) Records Retention
- All financial records retained in accordance with Revenue Canada's tax record retention rules and regulations
- 5 "Billing Contractor" shall submit an invoice, monthly, to ITC at Invoice Address set forth in Appendix 'B', appended hereto and forming a part hereof.
- 6 ITC shall pay "Billing Contractor's" invoices within ten (10) days of receipt at the Invoice Address set forth in Appendix 'B' appended hereto. Should ITC dispute any invoice or require additional information or documentation, ITC shall immediately notify "Billing Contractor" of the nature of the dispute or the information or documentation required. In such event, ITC shall have the right to withhold payment of all or part of the invoice in question until ten (10) days after:
- a) ITC and "Billing Contractor" agree on the amount to be paid; and, if applicable
 - b) the additional information or documentation requested by ITC has been received by ITC from "Billing Contractor".
- 7 "Billing Contractor" shall maintain an account as an independent contractor and shall, at all times, pay or cause to be paid any assessment or contribution set out by the Worker's Compensation Act to cover "Billing Contractor" as a proprietor.
- 8 "Billing Contractor" shall keep, in accordance with generally accepted accounting practices, books, records, and accounts pertaining to providing Specified Services to ITC, including "Billing Contractor's" personnel records, correspondence, instructions, receipts, vouchers, memoranda, data stored in computer libraries and any other documentation and related systems and controls necessary for accurate audit and verification of costs of Specified Services provided to ITC.
- 9 For the purposes of ensuring "Billing Contractor's" compliance with all terms of Agreement, "Billing Contractor" shall permit, at reasonable times during the period covered by Agreement, and for a period of one (1) year after that period, authorized representatives of ITC to interview "Billing Contractor's" personnel, to review "Billing Contractor's" accounting and control systems and to inspect books, records and accounts, including computer files and other documents as set forth in Item 8, and to make copies thereof, including extracts from computer files, as necessary to complete the audit.
- 10 If an audit indicates errors in "Billing Contractor's" invoices, "Billing Contractor" shall make appropriate invoice adjustments within ten (10) days of the release of the audit report and shall promptly refund overpayment to ITC.
- 11 "Billing Contractor":
- a) shall be liable to ITC for all losses, costs, damages and expenses that ITC may suffer, sustain, pay or incur; and in addition,
 - b) shall indemnify and hold ITC harmless against all actions, proceedings, claims, demands, losses, debts, costs, damages and expenses that may be

brought against or suffered by *ITC* or that it may sustain, pay, or incur as a result of one or more breaches of *Agreement* or as a result of the negligence or wilful misconduct of "*Billing Contractor*" in connection with the provision of *Specified Services* to *ITC*. In particular, this item includes acts of libel and/or slander perpetrated by "*Billing Contractor*".

- 12 *ITC* shall approve reimbursement to "*Billing Contractor*" for all losses, costs, damages and expenses that "*Billing Contractor*" may suffer, sustain, pay or incur as a result of one or more actions taken by "*Billing Contractor*" on behalf of *ITC* not in breach of *Agreement* and not as a result of the negligence or wilful misconduct of "*Billing Contractor*" in connection with the provision of *Specified Services* to *ITC*. In particular, this item excludes acts of libel and/or slander perpetrated by "*Billing Contractor*".
- 13 In the provision of *Specified Services* to *ITC*, "*Billing Contractor*" shall comply with all legal requirements and shall notify *ITC* in writing promptly upon discovery of any failure to comply with this item.
- 14 "*Billing Contractor*" is not authorized or otherwise expected to take any action in the name of or otherwise on behalf of *ITC* which would violate applicable laws and/or governmental regulations.
- 15 "*Billing Contractor*", in providing *Specified Services* under the terms of *Agreement*, shall establish and maintain appropriate business standards, procedures and controls including those necessary to avoid any real, or apparent, impropriety or adverse impact on the interests of *ITC*.
- 16 "*Billing Contractor*" shall back up its computer data on disks on the morning of the first working day of each week.
- 17 "*Billing Contractor*" shall prepare and keep updated a manual detailing the collection and recording of data and the preparation and distribution of invoices and accounting records including a list of industry contacts.
- 18 "*Billing Contractor*" represents that it does not have any other obligation to any other party that constitutes a conflict of interest with the provision of *Specified Services* under *Agreement*.
- 19 "*Billing Contractor*" represents that all financial settlements, reports and billings rendered to *ITC* under the terms of *Agreement* shall properly reflect the facts of all activities and transactions handled for *ITC*'s account and may be relied upon as being complete and accurate in any further recording or reporting made by *ITC* for any purpose.
- 20 "*Billing Contractor*" shall notify *ITC* in writing upon discovery of any failure to comply with Item 13, 14, 15, 16, 17, 18 or 19.
- 21 *Specified Services* provided by "*Billing Contractor*" must meet with the approval of *ITC* but the detailed manner and method of providing same shall be under the control of "*Billing Contractor*" and "*Billing Contractor*" is an independent contractor as to all services provided hereunder.

- 22 “Billing Contractor” is not the agent or employee of *ITC* and shall have no authority to make any statements, representations or commitments of any kind, or to take any action which shall be binding on *ITC*.
- 23 “Billing Contractor” acknowledges that in the provision of *Specified Services*, it may receive confidential and/or time sensitive information. “Billing Contractor” shall not divulge any such confidential information and/or shall not divulge any such time sensitive information during its period of time sensitivity or make use of such information except as authorized by *ITC*. At the termination of *Agreement*, “Billing Contractor” shall turn over all non-confidential reports and information to *ITC* or its designate and all confidential reports and information to a designate of *ITC* only if such designate has executed an agreement with *ITC* to replace “Billing Contractor” as a provider of *ITC* Invoicing Contractor services. If no such designate exists, “Billing Contractor” shall destroy all confidential reports and information under the supervision of *ITC*.
- 24 “Billing Contractor” shall not use *ITC*’s name, or that of its members, in advertising or promotional material or publicity releases relating to provision of *Specified Services* or relating to the results thereof without the prior written approval of *ITC* or such members.
- 25 Matters pertaining to the administration of *Agreement* shall be dealt with through *ITC*’s representative and “Billing Contractor’s” representative. Either party may change its representative by notice pursuant to Items 32 and 33. Until otherwise advised, *ITC*’s representative shall be one of the then current Co-Chairpersons. “Billing Contractor’s” representative shall be _____.
- 26 Neither party may assign *Agreement* in whole or in part without the prior written approval of the other party.
- 27 *Agreement* constitutes the entire agreement between the parties with respect to the provision of *Specified Services* and supersedes all prior negotiations, representations or agreements relating thereto whether written or oral.
- 28 Changes, alterations or modifications to *Agreement* shall not take effect unless and until in writing and signed by the parties hereto.
- 29 Where *ITC*’s authorisation or approvals are required, these shall be in writing and shall not relieve “Billing Contractor” from its obligations and responsibilities under the terms of *Agreement*.
- 30 *Agreement* shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties hereto.
- 31 Items 7, 8, 9, 10, 11, 12, 13, 19 and 20, above, shall survive the expiration of *Agreement*.

32 All notices required or permitted to be given under the terms of *Agreement* shall be in writing and delivered by hand, mailed by registered first class mail - postage prepaid, or sent by telecommunication to *ITC's* address or "Billing Contractor's" address as shown in Appendix 'B'.

- 33 Any such notice shall be deemed to have been given and received:
- if delivered, on the first (1st) business day following the date on which it was delivered;
 - if mailed, on the fifth (5th) business day following the day it was posted; or
 - if given by telecommunication, on the first (1st) business day following the day it was dispatched.

No party shall mail any notice during any period when postal workers are on strike or if a strike is imminent. Either party may change its address as shown in Appendix 'B' by giving written notice of the change to the other party.

34 *Agreement* shall be interpreted in accordance with and governed by the laws of the Province of Alberta.

35 *Agreement* shall be open for acceptance until close of business on date.

Agreed to on this ____ day of _____.

"BILLING CONTRACTOR"

per: _____

Accepted as delivered on this ____ day of _____,

INDUSTRY TECHNICAL COMMITTEE

per: _____

per: _____

DRAFT CONTRACT - APPENDIX 'A'

The following information constitutes Appendix 'A' to *Agreement* and is the agreed to fee payable to "*Billing Contractor*" by *ITC* for providing *Specified Services* during the period January 1, 2013 through December 31, 2013.

Agreement - Price - Includes all personnel direct and indirect costs and all computer and other office equipment operating and maintenance costs.

Annual Fee* \$_____ plus applicable **GST** to be paid monthly at \$_____ per month plus applicable GST.

DRAFT CONTRACT - APPENDIX 'B'

The following information constitutes Appendix 'B' to *Agreement* and is the original set of addresses for notifications and for the *invoice address*:

INDUSTRY TECHNICAL COMMITTEE
Attention: Co-Chairpersons
c/o CANADIAN ASSOCIATION OF PETROLEUM PRODUCERS
2100, 350 – 7 Avenue SW
Calgary, Alberta T2P 3N9

“BILLING CONTRACTOR”
Attention: _____
(Address)