**Common Wording for Reporting Savings**

Major Bid Packages:

* **Conventional:**
* **A RFP 1154 for Furniture (Conventional and Oil Sands) was issued to ten (10) proponents on November 18th.  RFP closes on January 14, 2022. Estimated spend $3.7MM.**

Major Contract Awards:

* **Conventional:**
* **RFP 1120 for Paramedic Services at Kirby and Jackfish was awarded to Onyx Industrial Inc. for a term of three (3) years. Spend: $4.5M (see below for savings).**
* **RFQ 1142 for XXX m Stainless Steel Line Pipe was awarded to Posco International America Corp. Spend: $7,860,000**

PUMPS

* + **SM working with Conventional/Thermal Operations, utilized various pumps from inventory instead of purchasing new pumps from vendors in September, realizing a total cost avoidance of $440,436.30 broken down as per below:**
		- **Progressive Cavity Pumps - $31,447.88**
		- **Reciprocating Rod Pumps - $346,814.81**
		- **Electronic Submersible Pumps - $62,173.61**

Non-Controllable and Controllable Re-utilized Assets – Asset Recovery

* **Asset Recovery working with Canadian Natural Operations, utilized various Non-Controllable and Controllable Re-utilized Assets in January 2022, realizing a total cost avoidance of $1,302,866.00.**

Tank removal – Asset Recovery

* **SM working with Field Operations, negotiated with B&E Matthews to remove surface equipment from 22 leases related to the Rivercourse Abandonment project. Due to the large volume of equipment removal and the high price for scrap steel, B&E Matthews agreed not to charge for this service. Based on rates previously paid for this service, a cost avoidance of $47,350.00 was achieved.**

Tenaris Savings

* + **Supply Management and Development Operations, worked with Tenaris to purchase 69,827.96m of surplus tubing from Tenaris stock in Q3 price prior to the price increasing in Q4. This is an avoidance of $4.80/m for a total avoidance of $335,174.21.**
	+ **Q3 price of $31.97/m \*69,827.96m = $2,232,399.88**
	+ **Q4 price of $36.77/m \*69,827.96m = $2,567,574.09**
	+ **$2,567,574.09 - $2,232,399.88 = $335,174.21**

Early Pay

* **2021 Q2 Early pay savings: $823,631.93**
	+ **Total number of vendors currently enrolled in the Early Pay program is 75.**

Compression Rebate

* + **2020 annual rebates for the supply of parts and maintenance for mechanical compression for Conventional Operations totaled $499,659 and are broken down as follows:**
	+ **Bidell Gas Compression:**
		- **3.5% rebate on spend of $12,268,319.45 = $429,391.18**
		- **In addition to the spend level rebate, an offset was negotiated for the Covid 2020 rate reduction exercise, to reduce the rebate by the amount of Covid discounts offered during the period of April 15, 2020 to August 31, 2020.**
			* **2.5% discount for Covid Reductions: $5,005,074.82 x 2.5% = $125,126.87**
		- **Total Bidell rebate: $304,264.31 ($429,391.18 - $125,126.87)**
	+ **Surepoint Technologies:**
		- **1.5% rebate on spend of $2,697,108 = $40,456.62**
	+ **Above & Beyond Compression:**
		- **3.5% rebate on spend of $4,115,286.63 = $144,035.03**
		- **Waukesha parts rebate (spend over $500K) $863,439.86 - $500,000 x 3.0% = $10,903.20**
		- **Total Above & Beyond Rebate: $154,938.23 ($144,035.03 + $10,903.20)**

Other Examples

* **SM, working with Horizon Operations awarded RFP #486 for 8,000 m of Stainless Steel Pipe to Posco International America Corp. Posco provided a rate of $1,390.69/m (Edgen Murray Rate: $1,442.69/m) and also included transportation (savings of $202,730.80). Cost saving achieved were $618,730.80.**
* **SM working with Geology, negotiated with Dynacore Solutions Ltd., who provide core storage, to waive the core retrieval and deletion fees ($6.85/core deposit item) on 40% of the core deposits no longer required to be stored at Dynacore. Total Cost Savings: $104,374.95**
	+ **$6.35 x 16,437 core deposit items = $104,374.95**
* **SM, working with Horizon Operations, negotiated with Worley Canada Services Ltd to reduce contractor rate by 10% (from $110.00/to $99.00/hour) for 26 weeks, realizing a total cost savings of $11,440.00**
	+ **($110.00 - $99.00) \* 40 hrs /wk \* 26 weeks = $11,440.00**
* **SM working with Conventional / Thermal Operations, negotiated with Kudo Energy, providing equipment and maintenance services, to reduce requested rates increases due to increase of labor, insurance, inflation, consumables and fuel. Kudo Energy proposed a rate increase averaging 8.89%. This was negotiated down to 7.09% resulting in $36,842.20 annual cost savings with an annual spend of $2M.**
* **SM working with IS and Land teams negotiated with TELUS a reduction of a lease fee for use of their tower at Grist Lake, from $6,500 per year to $1. Resulted in estimated cost avoidance of $32,495.00 over a five (5) year term.**
	+ **($6,500 - $1.00) = $6,495.00 \* 5 years = $32,495.00**
* **SM working with IS, negotiated the hourly rate for a CGI Consulting contractor to provide software packaging services at $46.48 per hour. Previous incumbents’ rate was $160.00 per hour. Resulted in estimated cost avoidance of $369,507.60 over a six (6) month term working an estimation of 3255 hours.**
	+ **($160.00 - $46.48) \* 3255 hours\* = $369,507.60**
* **SM working with Field Operations, negotiated a 2% rebate from Napa Auto & Farm Supply. Based on 2020 spend, this 2% discount resulted in $20,619.73 cost savings.**

Acquisition Savings (Special Project)

**Painted Pony YTD: $ 1,130,715.16 in savings**

* **Weekly Savings: $319,682.08 key highlights include;**
	+ **Taiga Controls Ltd.**

**Cost Savings = $184,590.55 per year driven by switching Taiga Controls' work to Techmation. Based on a thorough review with our Business Area and confirmation of appropriate sheet comparisons by our E&I SM lead, Darrel Kent, these savings are a result of many different cost drivers.**

**Savings have been determined by examining the differences in rates charged by Taiga vs Techmation, and multiplying the difference by the number of units charged to Painted Pony in 2020. Number of hours and units charged by Taiga was estimated using 50% of the hours/units charged to Painted Pony by Elite Technologies in 2020 as Taiga's spend was 50% of Elite's. Both Elite and Taiga performed the same scope.**

**Cost Savings of $184,590.55 is made up of the following line item types of OT and RT on both Journeyman and Apprentice labour ($38,585), Truck costs reductions ($101,813), Equipment Rental ($19,853), and Parts and OT in excess of regular shift savings ($24,339).**

* + **Step Energy Services**

**A comparison of Painted Pony rates vs CNRL rates on key services and materials was made for a CNRL well proposal (200/D-074-K/094-A-13). Findings show Painted Pony rates to be approximately 17.7% higher than CNRL. Items include: CTU, cycling charges, unit travel, SFR-101 friction reducer, N2 Purge package, Subsistance.**

**Savings calculation based on PP 2 year avg spend x 17.7%**

**$763,229 x 17.7% = $135,091.53**

* **Nine (9) more Painted Pony vendors have been reviewed and removed from Supply Management’s vendor list, bringing the total to one hundred sixty-six (166) Painted Pony vendors out of four hundred forty four (444) listed vendors.**