

State Oil and Gas Board



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State Of Mississippi

500 Greymont Avenue, Suite E
Jackson, MS 39202
Telephone (601) 576-4900

LISA IVSHIN
State Oil & Gas Supervisor

HOWARD LEACH
Board Attorney

October 21, 2015

TO WELL PLUGGERS

Dear Sirs,

Enclosed is a copy of the public notice that will be published in the Clarion-Ledger newspaper on Monday, October 26, 2015 and again on Tuesday, November 3, 2015 calling for a bid proposal to plug and abandon twenty-one wells in Franklin, Adams, Wilkinson and Lamar Counties Mississippi (**Bid Package 2015-3**). Also enclosed is the bidding package for your use in preparing same. If you have any questions, please contact me at the above address, telephone number 601/ 576-4925 or email afloyd@ogb.state.ms.us.

IMPORTANT

Bid specifications require an Absolute Turnkey Bid, with no change orders allowed. The bid must be for the total package. The Package bid must show an individual bid for each well plus a total bid amount for the package. A written plugging procedure is also required for each well.

Please note: Bid Specifications now contain the requirement that the Contractor remove and dispose of all liquids contained in the production vessels and equipment associated with each well being plugged. Pumping these fluids back into the well prior to plugging is an acceptable option. Furthermore, the contractor shall restore the location by filling and leveling the hole dug to cut casings, removing all equipment from well site that was associated with the well operation and leveling/smoothing of all containment berms and firewalls. All equipment and all fluids shall become the property of the contractor and considered in preparing the bid.

Also, plugging specifications for a production well now require a 100' cement plug at the base of the USDW, inside the casing only, and verification of the plug by tagging. A 200' plug may be set in lieu of tagging.

Sincerely,

A handwritten signature in black ink, appearing to read 'Allen Floyd', written in a cursive style.

Allen Floyd
Field Director

NOTICE OF INVITATION FOR BID

The Mississippi State Oil and Gas Board hereby gives notice that sealed proposals are sought and requested for furnishing all materials and doing all work necessary for the performance, according to specifications, of a contract to be let by the Mississippi State Oil and Gas Board for the purpose of plugging declared orphan wells located in Franklin, Adams, Wilkinson and Lamar Counties Mississippi. (Bid Package 2015-3)

I.

Sealed proposals will be accepted by the office of the Board's Supervisor at 500 Greymont Avenue, Suite E, Jackson, Mississippi 39202, until 11:00 a.m. on Tuesday, December 1, 2015 and will be opened and considered publicly immediately thereafter. Specifications and any other applicable forms may be obtained by contacting Allen Floyd at 500 Greymont Avenue, Suite E, Jackson, Mississippi 39202, (601) 576-4925, fax (601) 354-6873 or e-mail afloyd@ogb.state.ms.

II.

Proposals must be made in accordance with the form of proposal, which may be obtained from Allen Floyd by contacting him at the above address, telephone number or email address, which will contain accompanying instructions to bidders.

III.

Proposals shall be made and received upon the following conditions:

- a) Each proposal must be accompanied by a bidders bond executed by a surety company authorized to do business in the State of Mississippi, a letter of credit in a form suitable to the Supervisor, or other financial guarantee in a form suitable to the Supervisor (a company check is acceptable) in the principal amount of not less than \$500.00, conditioned that if the proposal is accepted, the successful bidder will enter into a contract for the work and provide Certificate of Insurance proving coverage of general liability insurance of not less than \$1,000,000 and will execute within ten (10) days of the date of acceptance of the proposal a suitable surety bond in the sum of not less than \$30,000.00, conditioned upon the faithful and prompt performance and completion of the work specified in the contract or a letter of credit of such amount in a form suitable to the Supervisor.
- b) All submittals of bonds, letters of credit or other financial guarantees, except that of a successful bidder, will be returned or refunded.
- c) Upon acceptance of a bid, if the successful bidder fails to enter into a contract pursuant to the requirements of the Mississippi State Oil and Gas Board, or fails to give the further security prescribed in this notice within the time limit therefore, the monies standing to the credit of the same shall be forfeited to the Mississippi State Oil and Gas Board as liquidated damages, or the payment of the bond shall be enforced for the benefit of the Mississippi State Oil and Gas Board.

Dated: 10-26-2015
11-03-2015

/s/ Lisa A. Ivshin
Lisa A. Ivshin, Oil & Gas Supervisor
State Oil and Gas Board

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LISA IVSHIN
State Oil & Gas Supervisor

HOWARD O. LEACH
Board Attorney

October 21, 2015

Re: Invitation For Bid (IFB) and Specifications for Contract Plugging of Wells

Dear Prospective Bidder:

The Mississippi State Oil and Gas Board (MSOGB) is soliciting sealed bids for the plugging of twenty-one wells in Franklin, Adams, Wilkinson and Lamar Counties Mississippi (**Bid Package 2015-3**). The owners/operators of these wells have defaulted on their regulatory responsibility for proper plugging and abandonment. By Board Order each well has been declared an "Orphan Well" and ordered plugged and abandoned according to Statewide Rules and Regulations.

The Specifications for Contract Plugging of Orphan Wells are enclosed. Following that is a tabulation of wells, a copy of pertinent well file information and **Bid Form** for the above referenced Bid Package. The MSOGB records may or may not reflect the present condition of the wells. Although every effort was made to include a copy all useful well data, a copy of the well file for each well can be obtained at the MSOGB office in Jackson, Mississippi upon request at the normal fee for reproduction. Reference to the Bid Package of concern will help expedite any such request.

The MSOGB shall determine the lowest and best acceptable bid. The MSOGB reserves the right to reject any and all bids. The criteria for determining the lowest and best bid shall be as follows: Each bid will be graded on a scale from 1 to 5 (with 5 being the best) on (1) Qualifications/Past Experience and (2) Bid Amount, with each category carrying equal weight. All bids should be submitted on the enclosed **Bid Form** accompanied by the **proposed plugging procedure** for each well. Payment will be made from the Oil and Gas Board Plugging Fund or other available financial responsibility instruments that may be on file with the Board for this well. Release of payment under the successful bidder's contract to plug the well will be contingent upon a satisfactory and completely plugged well, including the filing of a Form 7, Plugging Record.

The **Bid Form** contains the following prospective contractor representations, acknowledgement and certification to which you will attest by the submission of a bid.

REPRESENTATION REGARDING CONTINGENT FEE. Contractor represents that it has not retained a person to solicit or secure a State contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except as disclosed in the contractor's bid or proposal.

PROSPECTIVE CONTRACTOR'S REPRESENTATION REGARDING CONTINGENT FEES. The prospective Contractor represents as a part of such Contractor's bid or proposal that

such Contractor has/has not (use applicable word or words) retained any person or agency on a percentage, commission, or other contingent arrangement to secure this contract.

REPRESENTATION REGARDING GRATUITIES. I represent that I have not violated, is not violating, and promises that it will not violate the prohibition against gratuities set forth in Section 6-204 (Gratuities) of the Mississippi Personal Services Contract Procurement Regulations.

ACKNOWLEDGMENT OF AMENDMENTS. Bidder shall acknowledge receipt of any amendment to the solicitation by signing and returning the amendment with the bid, by identifying the amendment number and date in the space provided for this purpose on the bid form, or by letter. The acknowledgment must be received by the MSOGB by the time and at the place specified for receipt of bids.

CERTIFICATION OF INDEPENDENT PRICE DETERMINATION. The bidder certifies that the prices submitted in response to the solicitation have been arrived at independently and without – for the purpose of restricting competition – any consultation, communication, or agreement with any other bidder or competitor relating to those prices, the intention to submit a bid, or the methods or factors used to calculate the bid prices.

E-VERIFICATION. If applicable, Contractor represents and warrants that it will ensure its compliance with the Mississippi Employment Protection Act of 2008, Mississippi Code Annotated §§ 71-11-1 et seq. (1972, as amended), and will register and participate in the status verification system for all newly hired employees. The term “employee” as used herein means any person that is hired to perform work within the State of Mississippi. As used herein, “status verification system” means the Illegal Immigration Reform and Immigration Responsibility Act of 1996 that is operated by the United States Department of Homeland Security, also known as the E-Verify Program, or any other successor electronic verification system replacing the E-Verify Program. Contractor agrees to maintain records of such compliance. Upon request of the State and after approval of the Social Security Administration or Department of Homeland Security when required, Contractor agrees to provide a copy of each such verification to the State. Contractor further represents and warrants that any person assigned to perform services hereafter meets the employment eligibility requirements of all immigration laws. Contractor understands and agrees that any breach of these warranties may subject Contractor to the following: (a) termination of this Agreement and ineligibility for any state or public contract in Mississippi for up to three (3) years with notice of such cancellation/termination being made public, or (b) the loss of any license, permit, certification or other document granted to Contractor by an agency, department or governmental entity for the right to do business in Mississippi for up to one (1) year, or (c) both. In the event of such termination/cancellation, Contractor would also be liable for any addition costs incurred by the State due to contract cancellation or loss of license or permit to do business in the State.

APPLICABLE LAW. Resulting contract shall be governed by and construed in accordance with the laws of the State of Mississippi, excluding its conflicts of laws, provisions, and any litigation with respect thereto shall be brought in the courts of the State. The contractor shall comply with applicable federal, state and local laws and regulations.

AVAILABILITY OF FUNDS. It is expressly understood and agreed that the obligation of the MSOGB to proceed under any resulting agreement is conditioned upon the appropriation of funds by the Mississippi State Legislature and the receipt of state and/or federal funds. If the funds anticipated for the continuing fulfillment of the agreement are, at any time, not forthcoming or insufficient, either through the failure of the federal government to provide funds or of the State of Mississippi to appropriate funds or the discontinuance or material alteration of the Program under which funds were provided or if funds are not otherwise available to the MSOGB,

the MSOGB shall have the right upon ten (10) working days written notice to the contractor, to terminate this agreement without damage, penalty, cost or expenses to the MSOGB of any kind whatsoever. The effective date of termination shall be as specified in the notice of termination.

E-PAYMENT. *Contractor agrees to accept all payments in United States currency via the State of Mississippi's electronic payment and remittance vehicle. The agency agrees to make payment in accordance with Mississippi law on "Timely Payments for Purchases by Public Bodies," Mississippi Code Annotated §31-7-305, which generally provides for payment of undisputed amounts by the agency within forty-five (45) days of receipt of invoice.*

PROCUREMENT REGULATIONS. *The contract shall be governed by the applicable provisions of the Mississippi Personal Service Contract Review Board Rules and Regulations, a copy of which is available at 210 E. Capitol St., Suite 800, Jackson, MS, 39201, for inspection, or downloadable at www.mspb.ms.gov.*

COMPLIANCE WITH LAWS. *The contractor understands that the MSOGB is an equal opportunity employer and therefore, maintains a policy which prohibits unlawful discrimination based on race, color, creed, sex, age, national origin, physical handicap, disability, or any other consideration made unlawful by federal, State, or local laws. All such discrimination is unlawful and the contractor agrees during the term of the agreement that the contractor will strictly adhere to this policy in its employment practices and provision of services. The contractor shall comply with, and all activities under this agreement shall be subject to, all applicable federal, State of Mississippi, and local laws and regulations, as now existing and as may be amended or modified.*

STOP WORK ORDER. *(1) Order to Stop Work: The procurement officer, may, by written order to the contractor at any time, and without notice to any surety, require the contractor to stop all or any part of the work called for by this contract. This order shall be for a specified period not exceeding 90 days after the order is delivered to the contractor, unless the parties agree to any further period. Any such order shall be identified specifically as a stop work order issued pursuant to this clause. Upon receipt of such an order, the contractor shall forthwith comply with its terms and take all reasonable steps to minimize the occurrence of costs allocable to the work covered by the order during the period of work stoppage. Before the stop work order expires, or within any further period to which the parties shall have agreed, the procurement officer shall either:*

- (a) cancel the stop work order; or,*
- (b) terminate the work covered by such order as provided in the Termination for Default Clause or the Termination for Convenience Clause of this contract.*

(2) Cancellation or Expiration of the Order: If a stop work order issued under this clause is cancelled at any time during the period specified in the order, or if the period of the order or any extension thereof expires, the contractor shall have the right to resume work. An appropriate adjustment shall be made in the delivery schedule or contractor price, or both, and the contract shall be modified in writing accordingly, if:

- (a) the stop work order results in an increase in the time required for, or in the contractor's properly allocable to, the performance of any part of this contract; and,*
- (b) the contractor asserts a claim for such an adjustment within 30 days after the end of the period of work stoppage; provided that, if the procurement officer decides that the facts justify such action, any such claim asserted may be received and acted upon at any time prior to final payment under this contract.*

(3) Termination of Stopped Work: If a stop work order is not cancelled and the work covered by such order is terminated for default or convenience, the reasonable costs resulting from the stop work order shall be allowed by adjustment or otherwise.

(4) Adjustments of Price. Any adjustment in contract price made pursuant to this clause shall be determined in accordance with the Price Adjustment Clause of the contract.

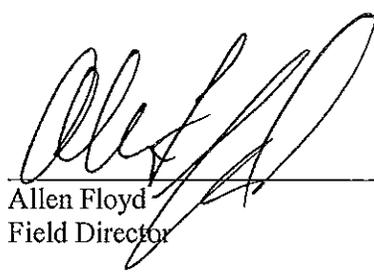
TRANSPARENCY. *This contract, including any accompanying exhibits, attachments, and appendices, is subject to the "Mississippi Public Records Act of 1983," and its exceptions. See*

Miss. Code Ann. 25-61-1 et seq., (1972, as amended) and Miss. Code Ann. 79-23-1 (1972, as amended). In addition, this contract is subject to the provisions of the Mississippi Accountability and Transparency Act of 2008. Miss. Code Ann. 27-104-151 et seq. (1972, as amended). Unless exempted from disclosure due to a court-ordered protective order, a copy of this executed contract is required to be posted to the Department of Finance and Administration's independent agency contract website for public access at <http://www.transparency.mississippi.gov>. Information identified by Contractor as trade secrets, or other proprietary information, including confidential vendor information, or any other information which is required confidential by state or federal law or outside the applicable freedom of information statutes, will be redacted.

DEBRIEFING REQUEST. A vendor, successful or unsuccessful, may request a post-award vendor debriefing, in writing, by U.S. mail or electronic submission, to be received by the MSOGB within three (3) business days of notification of the contract award. A vendor debriefing is a meeting and not a hearing; therefore, legal representation is not required. If a vendor prefers to have legal representation present, the vendor must notify the MSOGB and identify its attorney.

PAYMODE. Payments by state agencies using the State's accounting system shall be made and remittance information provided electronically as directed by the State. These payments shall be deposited into the bank account of Contractor's choice. The State may, at its sole discretion, require Contractor to electronically submit invoices and supporting documentation at any time during the term of this agreement. Contractor understands and agrees that the State is exempt from the payment of taxes. All payments shall be made in United States currency.

The deadline for submitting a bid is 11:00 a.m. on Tuesday, December 1, 2015. Bids must be submitted to the MSOGB at 500 Greymont Avenue, Suite E, Jackson, Mississippi 39202. Mark Bids "**PLUGGING BID PACKAGE 2015-3-NOT TO BE OPENED UNTIL TUESDAY, DECEMBER 1, 2015.**". Any request for additional information must be made in writing to ALLEN FLOYD at the MSOGB at the above address.



Allen Floyd
Field Director

NOTICE

To reduce the impact on the field inspector's schedule, we will arrange time for the field inspector to meet all prospective bidders who desire assistance in locating the subject well sites.

Please call Allen Floyd, Field Director at 601/576-4925 (office) or 601/835-6802 (cell) for details if you desire to take advantage of this pre-arranged inspection time.

Although we request you take advantage of the prearranged inspection date, assistance will be available at other times if the need arises.

**SPECIFICATIONS
FOR
CONTRACT PLUGGING
OF ORPHAN WELLS**

These specifications are for the Plugging and Abandonment of declared Orphan Wells within the State of Mississippi. These wells must be plugged and abandoned in accordance with the Statewide Rules And Regulations of the Mississippi State Oil And Gas Board with a **plugging plan submitted to the Board with the bid** and approved by the Board before the work is begun. All applicable statutes, rules and regulations, including those regarding the filing of forms, must be complied with.

The successful Contractor shall provide the State Oil and Gas Board with a performance bond executed by a surety company authorized to do business in the State of Mississippi or a letter of credit in a form suitable to the Supervisor in a sum of not less than \$30,000, conditioned upon the faithful and prompt performance and completion of the work specified in the contract and shall also provide a Certificate of Insurance showing coverage of not less than \$1,000,000.

The Contractor will be responsible for submitting a plugging procedure for each well. The Contractor will begin the work of plugging the wells within sixty (60) days of being notified to proceed. All awarded work must be completed within six (6) months from being notified to proceed. All pipe work and cementing will be done during a five day work week with a representative of the Oil and Gas Board on location to witness work and approve any changes in the approved plugging plan necessitated by unexpected well problems. The Contractor must notify the representative of the Oil and Gas Board at least 48 hrs. prior to beginning any work so that witnessing arrangements can be made.

The Contractor will be responsible for gaining and preparing access to the well site as may be required and the cost of gaining and preparing such access shall be included in any bid.

The requirements for plugging are:

For a Saltwater Disposal Well

A cement plug across all open perforations with a 100 foot excess above the perforations, a 100 foot cement plug inside and outside the casing beginning approximately 50 feet below the base of the (USDW) (as defined in Statewide Rule 63), and a 25 foot cement plug in all casing annuluses at the surface. All plug depths shall be verified by tagging and the casing above the USDW will be pressure tested to 500 psi. If casing is pulled, an additional cement plug of 100 feet shall be placed across the cut-off stub and 50 feet into surface casing. All casing and pipe cut off at least 3 feet below ground level and a steel plate welded on top.

For a Production Well

A 100 foot cement plug (or a cast iron bridge plug with at least 10 feet of cement placed on top) shall be placed within 90% of the top open perforation, a 100 foot cement plug inside the casing beginning approximately 50 feet below the base of the USDW, with each cement plug verified by tagging, and a 25 foot cement plug at the surface (including casing annulus if applicable). If casing is pulled, an additional 100 foot cement plug to be placed across the cut-off stub and 50 feet into surface casing, with its presence verified by tagging. Two hundred foot (200') cement plugs may be set in lieu of tagging. All casings cut off at least 3 feet below ground level and a steel plate welded on top.

For a Dry Hole

If no production casing was run: A 100 foot cement plug across the base of the surface casing, with its presence verified by tagging, if the base of the USDW is above the surface casing shoe, a 100 foot cement plug inside the casing beginning approximately 50 feet below the base of the USDW, with its presence verified by tagging and a 25 foot cement plug at the surface. Two hundred foot (200') cement plugs may be set in lieu of tagging. All casings cut off at least 3' below ground level and steel plate welded on top.

If production casing was run: A 100 foot cement plug (or a cast iron bridge plug with 50 feet of cement placed on top) near the shallowest open perforations, a 100 foot cement plug inside the casing beginning approximately 50 feet below the base of the USDW, with its presence verified by tagging, and a 25 foot cement plug at the surface (including casing annulus if applicable), all casings cut off at least 3' below ground level and a steel plate welded on top. If casing is pulled, an additional cement plug of at least 100 feet shall placed across the cut-off stub and 50 feet into surface casing. Two hundred foot (200') cement plugs may be set in lieu of tagging.

If a verifiable cement plug is encountered prior to reaching target depth, Contractor will be allowed to plug well from that depth.

All Location Restorations

Removal and disposal of all liquids from vessels (stock tanks, separators, heater treaters, etc.) associated with the well. Restoration of the location by filling and leveling the hole dug to cut casings, removing all equipment from well site that was associated with the well operation and leveling/smoothing of all containment berms and firewalls. All equipment and liquids shall become the property of the contractor and considered in preparing the bid.

The work will be bid on the following basis. Preparing location, moving in the rig and auxiliary equipment, rigging up and setting equipment, nipping up onto the well, services and equipment required to accomplish all work set out in the plugging procedure (such as rig and crew costs, cementing and bridge plug costs, pressure testing, plug tagging, perforating, cutting casing below plow depth, welding steel cap on well), rigging down and moving out, and restoring location will be bid on a turnkey basis. The Contractor will furnish the Rig with the necessary mud tanks, cement mixer, pumps, tools, workstring, water and cement with a minimum of a four man crew to pull tubing and packer, perforate, shoot or part casing, place cement plugs, pressure test, tag plugs, cap well and restore location. The cost of any equipment and services necessitated by variances from the approved plugging procedures due to unanticipated downhole problems will be the responsibility of the Contractor.

Sanitary Conditions: It shall be the sole responsibility and expense of the Contractor to provide all necessary sanitary facilities.

Mobilization and Demobilization: All costs connected with the mobilization and demobilization of equipment required to complete each approved plugging procedure shall be borne by the Contractor.

Transportation: The Contractor shall be responsible for all transportation including loading and unloading of all equipment, supplies, materials, tools, and incidental items required to complete each approved plugging procedure.

Salvage: The Contractor shall be responsible for removing all pipe, equipment and vessels located on the well site. All pipe, equipment and vessels shall become the property of the Contractor.

Weather Conditions: The Contractor shall be responsible for monitoring conditions and taking all necessary precautions to prevent loss of life and property from any and all adverse weather conditions.

Time of performance: The service of the Contractor is to commence within sixty (60) days of being notified to proceed by the Supervisor of the Oil and Gas Board. Each well plugging operation will continue uninterrupted, on a five-day workweek schedule, until the work is completed, unless written exception is granted by the Supervisor. Time is of the essence of the matters required to be performed herein.

Liabilities: Except as otherwise provided by law, the Mississippi State Oil and Gas Board will not be responsible for the loss of, or damage to Contractor's equipment, or the death of, or injury to the Contractor's personnel, or for death of, or injury to persons, or for damages to property resulting from Contractor's operations under this contract.

Bid Notice: Any specifications or requirements contained in the Bid Notice are made a part of these specifications.

Basis Of Award: Bidders must bid by itemizing each well individually for all the wells with the total of the individual well bids being the total package bid. Bidders must bid on all of the wells in a package. The Oil and Gas Board reserves the right to reject any and all bids, and to waive any informality. The Oil and Gas Board shall determine the best and lowest acceptable bid.

Wells Determined To Be Non-existent: If during the course of initiating the work to plug a well on the contract list it is discovered that what was thought to be the well was in fact not a well, the Oil and Gas Board reserves the right to substitute another "orphan" well with similar characteristics and mechanical configuration, or to remove the well from the contract and reduce the contract amount by the amount of the bid price for said well. The Oil and Gas Board will pay the contractor for expenses incurred at the time the well is determined to be non-existent, not to exceed \$2,500.

Wells Removed From The Contract By the Board To Be Assigned To An Active Operator: If after initiation of Contract, a viable operator petitions the Board to become operator of a well included in the Contract, the Board reserves the right to substitute another "orphan" well with similar characteristics and mechanical configuration, or to remove the well from the contract and reduce the contract amount by the amount of the bid price for said well.

Compliance with the Mississippi Employment Protection Act: Contractor represents and warrants that it will ensure its compliance with the Mississippi Employment Protection Act (Senate Bill 2988 from the 2008 Regular Legislative Session) and will register and participate in the status verification system for all newly hired employees. The term "employee" as used herein means any person that is hired to perform work within the State of Mississippi. As used herein, "status verification system" means the Illegal Immigration Reform and Immigration Responsibility Act of 1996 that is operated by the United States Department of Homeland Security, also known as the E-Verify Program, or any other successor electronic verification system replacing the E-Verify Program. Contractor agrees to maintain records of such compliance and, upon request of the State, to provide a copy of each such verification to the State. Contractor further represents and warrants that any person assigned to perform services hereunder meets the employment eligibility requirements of all immigration laws of the State of Mississippi. Contractor understands and agrees that any breach of these warranties may subject Contractor to the following: (a) termination of this Agreement and ineligibility for any state or public contract in Mississippi for up to three (3) years with notice of such cancellation/termination being made public, or (b) the loss of any license, permit, certification or other document granted to Contractor by an agency, department or governmental entity for the right to do business in Mississippi for up to one (1) year, or (c) both. In the event of such termination/cancellation, Contractor would also be liable for any addition costs incurred by the State due to contract cancellation or loss of license or permit.