**BID SECURITY BOND**

**BOND NO: BON/SB/XX/XX/HQ/000000**

**BIDDER : ABC LIMITED**

**PERIOD OF COVER : 0X/0X/201X - 0X/1X/201X**

**PRINCIPAL : XYZ LIMITED**

**BID BOND VALUE : USD$000,000.00**

**BID BOND**

# **POLICY NO. BON/SB/XX/XX/HQ/00000**

BY THIS BOND WE, **[NAME OF GUARANTOR]** of **[ADDRESS OF GUARANTOR]** (hereinafter called “the Guarantor”) are held and firmly bound to **NIGERIAN UPSTREAM PETROLEUM REGULATORY COMMISSION** (hereinafter called “Beneficiary”) up to the Naira equivalent of the sum of **USD$000,000.00 (XXXXXXX ONLY)** for the payment of which sum the Guarantor binds itself, successors and assigns jointly and severally by this presents.

**WHEREAS**:

1. We understand that **ABC LIMITED** of **[ADDRESS OF BIDDER]** (hereinafter called the “Bidder”) has submitted its bid for the [Name of Flare site(s)] (**Proposal**) under the Nigerian Gas Flare Commercialisation Programme (NGFCP) as detailed in the Request for Proposal (RFP) issued to the Qualified Applicants for the NGFCP 2022 by the Beneficiary.
2. The Beneficiary has requested the Bidder to secure a Bid Bond for the sum of **USD$[Value of Bid)** and has agreed that the Bidder may provide the guarantee in the Naira equivalent of the Guaranteed Sum converted at the Nigerian Autonomous Foreign Exchange Fixing (NAFEX) Closing Rate prevailing on the last day prior to the date of the demand of this bond **(Guaranteed Sum)**.

**NOW THEREFORE THE CONDITIONS** of the following obligation are such that:

1. If:
   1. The Bidder withdraws its Proposal after the bid submission due date but prior to the Bidder Award Notification Date;
   2. The Bidder undergoes a material change in its financial or technical capabilities and is rendered unqualified to undertake the proposed project in the Proposal;
   3. The Bidder, if a Consortium, makes a material change in the composition of its members that is not approved by the Commission as per section 3.4 of the RFP;
   4. The Bidder is found to be in breach of its covenant not to engage in any conflict of interest or corrupt, fraudulent, collusive, coercive, or obstructive practice as per section 3.9 of the RFP;
   5. The Bidder, if awarded the Preferred Bidder status on the Bidder Award Notification Date declines such status and/or withdraws from the RFP process;
   6. The Bidder, if awarded the Preferred Bidder status, fails to execute the Commercial Agreements within the Commercial Agreements Execution Period;
   7. The Bidder, having accepted the Reserve Bidder status, declines such status after the Bidder Award Notification Date; or
   8. The Bidder, having accepted the Reserve Bidder status, declines an offer to become a Preferred Bidder in line with the provisions of the RFP, if required,

then, we [NAME AND ADDRESS OF GUARANTOR] irrevocably and unconditionally promise to pay, as primary obligor, to the Beneficiary on your first written demand and waiving all rights of objection and defence and without reference to the Bidder, a sum or sums not exceeding in aggregate the Guaranteed Sum, provided that your demand complies with the provisions of this bond.

1. In this bond, Expiry means the earliest of:
   1. close of normal banking hours at this office six months from the date of the issuance of this Bond; or
   2. your rejection of the Proposal; or
   3. the Bidder's delivery to the Beneficiary of the signed or executed Commercial Agreements within the Commercial Agreements Execution Period.
2. The Beneficiary’s demand under this bond must be received at this office before Expiry and must be in the form of a statement signed by the Beneficiary that:
   1. any event listed under paragraphs 1.1 to 1.8 of this bond has occurred; and
   2. as a result of such occurrence, the sum claimed is due to the Beneficiary;
   3. specifies the sum claimed in US$ and Naira; and
   4. specifies the Nigerian Autonomous Foreign Exchange Fixing (NAFEX) Closing Rate prevailing on the last day prior to the date of issuance of this bond.
3. We shall accept such demand as evidence, for the purposes of this bond alone, that the sum claimed is due to the Beneficiary under this bond.
4. **PROVIDED HOWEVER** that the Guarantor shall not be:
   1. Liable for a sum greater than the Guaranteed Sum.
   2. In case of any intended variation of the terms and conditions contained in the said Bid, the Guarantor shall first be notified in writing and variation shall if approved be accepted in writing by the Guarantor provided that all such variations or alterations not notified shall release the Guarantor from any liability under Bond.
   3. This bid bond sets forth in full the Guarantor undertaking and reference herein to any document, instrument or agreement shall not in any way amend, modify, amplify, or limit our undertaking.
5. On Expiry, this bond shall expire and become null and void, whether returned to us for cancellation or not, and any demand received after Expiry shall be ineffective.
6. This bond is personal to the Beneficiary and is not transferable or assignable. No one other than the Beneficiary and we shall have any right to enforce any of its terms.
7. Premium paid for this bond is not refundable under any circumstance.
8. This bond and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by, and construed in accordance with, the law of the Federal Republic of Nigeria.
   1. The parties all irrevocably agree that the courts of Federal Republic of Nigeria shall have non-exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this bond or its subject matter or formation.
9. Except to the extent it is inconsistent with the express terms of this bond, this bond is subject to the ICC Uniform Rules for Demand Guarantees, 2010 revision, ICC Publication No. 758.

**PERIOD OF THIS BOND: Xth …………., 2023 to Xth …………… 2023. (note the validity period of the bond shall be for a minimum of 6 months)**

**IN WITNESS WHEREOF** the Parties have hereunto caused their respective Common Seals to be affixed the day and year first above written.

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| --- | --- |
| The Common Seal of the within named **[NAME OF GUARANTOR]** is hereunto affixed in the presence of | |
| …………………………………  DIRECTOR | ………………………………………  DIRECTOR/SECRETARY |
|  |  |
|  |  |
| The Common Seal of the within named **ABC LIMITED** is hereunto affixed in the presence of: | |
| …………………………………  DIRECTOR | ………………………………………  DIRECTOR/SECRETARY |