

Penn West Energy Procurement Principles

Penn West is committed to working with safe, competent and efficient vendors throughout our operating areas. We are dedicated to the principles of fairness and respect in dealings with all stakeholders, including vendors. We are also committed to supporting the local communities in which we operate through a variety of mechanisms including local employment, community relations and outreach, partnerships in the development of skills and competence and contracting with local vendors whenever feasible.

Core to Penn West's commitment to Operational Excellence and partnership with our stakeholders is our focus on our social, environmental, safety and regulatory responsibility.

Social Responsibility includes involvement and engagement with the people in the communities where we conduct our business. It means respect for fellow employees and contractors, regulators, suppliers, landowners, and all others that we encounter in our day-to-day business.

Environmental Responsibility means doing our part to mitigate any negative effects our operations may have on the land, air, and water. Our Environmental Responsibility focus is centered on sustainability and a long term commitment to the areas in which we operate.

Safety and Regulatory Responsibility comes from a belief in the importance of compliance and the health and wellness of all individuals working for Penn West.

Procurement & Vendor Management Principles

Penn West has an expectation that all vendors and contractors with whom we work, share the same commitment to social, environmental, safety and regulatory responsibility that Penn West has embraced. This commitment is expected to extend to the subcontractors that our vendors and contractors employ; we expect that where possible subcontractors will be Penn West Approved Vendors, and the communities in which we operate, will be supported.

There are many contractor and vendor opportunities for work at Penn West. Opportunities for qualified vendors and contractors exist in the following areas: seismic, wellsite construction, drilling, completions, pipelines and facilities, clearing and construction, operations and production, reclamation, environment, and health and safety. Consideration for work begins with the identification of a local Penn West sponsor who will begin the process of submitting the vendor's name for pre-qualification.

Penn West has an expectation that the vendors with which we contract will share a similar commitment to workplace health and safety. As part of the process of identifying potential vendors, we review several features of the vendor's commitment to health and safety and their risk management programs.

The information gathering process and resulting documentation collected prior to successful pre-qualification includes:

- **ISNetworld Subscription** – on-site vendors begin their approval process by completing a subscription to the ISNetworld vendor registry service, through which much of the prequalification and ongoing required documentation will be submitted.



- **Company profile** – Contact information, office locations, work/service/product types provided and performed and relevant experience, operating area, list of available equipment and rate sheets for costs to operate.
- **Safety Questionnaire** – Basic safety program information and statistics, safety tickets, compliance with drug and alcohol awareness and testing and other information.
- **COR/SECOR Certification** – Copy of the vendor's COR/SECOR. In low risk activities, as defined by Penn West, the vendor may be eligible for our PASS program in place of the COR/SECOR requirement.
- **Insurance Certificate** – Copy of the vendor's insurance certificate showing Penn West as a named insured and complying with Penn West's vendor insurance requirements.
- **WCB** – Copy of the Clearance Letter and Rate sheet from WCB.
- **Master Service Agreement** – Signed Master Service Agreement between the vendor and Penn West.

We appreciate that these requirements might seem complicated for some vendors, however we have found that with some up front communication and the support for contractors that is available from ISNetwork, the process can proceed quickly and effectively. Meeting the above requirements is not a guarantee of work. Penn West uses the above information to qualify a potential vendor as an approved vendor, after which anyone at Penn West may hire the vendor. The decision to hire a vendor is made by the local Penn West representative, who will consider service quality, equipment availability and quality, efficiencies, safety performance, expertise, existing contractual obligations and pricing in making the hiring decision. Consideration of the connection and proximity of the Vendor in the area of operation are often important factors used to make the final vendor selection.

We welcome any questions or comments regarding the above process and they may be directed to vendors@pennwest.com.