

# RIC

*Delivering The New Standard*

## INDEPENDENT CRUDE OIL & NATURAL GAS EXPLORATION & PRODUCTION COMPANY

### THE CHALLENGE

Since the founding of this renowned oil and gas company in the 1980s, an accumulation of offsite storage cartons rose to 35,000. The company was in the middle of a 5-year storage agreement with an offsite storage vendor and was unfortunately stuck in an unfavorable contract, as service costs were consistently increasing. The existing agreement prohibited the company from reaching their short- and long-term financial goals. Additionally, because of the decreasing price of crude oil, the company was searching for opportunities to save wherever they could.



### THE SOLUTION

In order to increase both financial and operational performance, the firm elected to engage RIC to help recover costs, simplify the procurement process, improve customer service, and reduce total spend within their current offsite storage agreement. Engaging RIC allowed the firm's records department to focus on their normal day-to-day activities while the RIC team negotiated with the vendor directly.

### THE RESULTS

After a thorough analysis of invoices received over an 18-month period, RIC recovered over **\$90,000** in over-charges. On top of the cost recovered, RIC had renegotiated with the company's current vendor and put a new agreement in place reducing ongoing costs by over **\$790,000**. Not only did the company reduce rates and save money, but also the contract language was enhanced and modified to the benefit of the company. Also, the well-known hostage fee, "permanent withdrawal" was **reduced to \$0** throughout the contract term, along with many other un-favorable contract and price schedule items. The company was now capable of reaching their goals, including using direct savings to index their inventory.