

STRATEGIC PETROLEUM RESERVE PROJECT MANAGEMENT OFFICE  
U.S. DEPARTMENT OF ENERGY

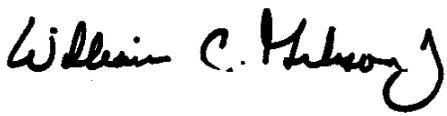
WORK AUTHORIZATION DIRECTIVE

TO

DM Petroleum Operations Company

Management and Operating (M&O) Contractor for the  
U.S. Department of Energy Strategic Petroleum Reserve

1. TITLE: Major Maintenance Projects
2. WORK AUTHORIZATION NO.: 2012-1.Z      3. REVISION: 0
4. RESOURCE REQUIREMENTS:      5. PERFORMANCE PERIOD  
ESTIMATED COSTS: \$918,000      FROM 10/01/11 TO 09/30/12

6. DESIGNATED OFFICIAL:   
William C. Gibson, Jr.  
Project Manager

7. DOE CONTRACTING OFFICER:   
Kelly M. Gele

09/08/11  
Issue Date

M&O CONTRACTOR FOR STRATEGIC PETROLEUM RESERVE

Work Authorization Directive

Major Maintenance Projects

I. DESCRIPTION OF WORK

The Major Maintenance Projects Program provides for the construction of Major Maintenance-funded projects. A major maintenance project is defined as a single undertaking involving engineering, procurement, construction, fabrication, installation, and testing or combinations thereof, which may materially add to the value of or prolong the life of a building, structure, or physical system. Major Maintenance Projects shall have a Total Estimated Cost (TEC) of \$100,000 or greater.

A. Planning

DM Petroleum Operations Company (DM) is responsible for the effective short- and long-range planning and coordination of the Major Maintenance Program. This will require the development of the appropriate documents such as Construction Project Data Sheets, Task Scopes, Engineering Change Proposals (ECPs), Definitive Engineering Scopes (DESs), Descriptions of Work (DOWs), and the necessary budget documents to fund these tasks. The process for identifying, sponsoring, coordinating and planning the execution of Major Maintenance tasks that are required for the Strategic Petroleum Reserve's (SPR's) mission to be carried out is DM's responsibility. DM shall ensure all SPR required Environmental, Safety, Health (ES&H) and Security requirements are identified and included in technical description of tasks for the Major Maintenance Program.

DM is responsible for implementing, coordinating, and reporting the construction projects assigned to DM at the various SPR sites as well as the direct interface with the Department of Energy (DOE). DM's respective field organization shall directly interface with DOE. DM shall manage the assigned Major Maintenance tasks to assure their timely completion and shall initiate, with DOE approval, timely and appropriate actions to keep the construction contractor on schedule. DM shall document work progress and actions taken to regain schedule. DM shall assure that all applicable ES&H

regulations and procedures are complied with on assigned construction tasks. DM shall implement a Quality Program which effectively ensures that the assigned construction is accomplished in accordance with the contract requirements. DM's respective field organization shall directly manage the assigned construction activities which includes oversight of the contractor quality programs to ensure construction in compliance with the contract requirements as well as oversight of the contractors' safety programs to ensure compliance with 29 Code of Federal Regulation 1926. The construction staff responsible for safety oversight must be knowledgeable of DOE and Occupational Safety and Health Administration standards. As required, DM shall provide Title III inspection services for the management of assigned construction. The Architect-Engineer (A-E), under separate prime contract to the Government, will provide Title III support limited to review of submittals, resolution of questions with the design, review of contract deviations and waivers, and special engineering services to address design problems and differing site conditions. The A-E Title III will be provided under the direction of a DOE Contracting Officer's Representative or DOE Project Engineer.

The Management and Operating (M&O) Contractor shall perform the following activities:

1. Conform to the funding and scheduling approved by the DOE in its fiscal year funding guidance and approved project authorization.
2. Before February 1, 2012, finalize the FY 2014 Major Maintenance Program and Schedule Baseline with approval of all baseline Engineering Change Proposals (ECPs) by the Project Change Control Board (PCCB). By April 1, 2012, finalize all Control Milestone Change Requests (CMCRs) with approval by the Assistant Project Manager for Systems and Projects.
3. Update the current Major Maintenance Program Baseline quarterly if approved changes occur.
4. Submit ECPs for FY 2015, Major Maintenance Program tasks no later than September 30, 2012, approved by PCCB in accordance with schedule. Deliver via PCentra workflow for review, comments, and concurrence.

5. Complete DOW/DES for FY 2014 Major Maintenance Program tasks no later than September 30, 2012, in accordance with schedule. Issue electronically for review, comment, and concurrence as applicable.
6. Maintain Cost Tracking System via Construction Cost Tracking Application (CCTA).
7. Construct the assigned projects in accordance with approved plans and specifications.
8. Ensure that approved designs of projects assigned to DM are not changed, except when necessary to:
  - a. Correct a design deficiency;
  - b. Correct differing site conditions
  - c. Realize a substantial life-cycle cost benefit; or
  - d. Comply with new ES&H or Security regulations.
9. Provide construction management and inspections on the construction projects assigned to DM in accordance with DOE/SPR Orders. The M&O Contractor shall perform the following activities:
  - a. Support A-E Design Reviews.
  - b. Constructability Design Reviews.
  - c. Technical Evaluations of Proposals.
  - d. Cost Estimating.
  - e. Contractor Submittal Review.
  - f. Technical coordination.
  - g. Program Planning and Scheduling.

- h. Management of Construction Projects assigned to DM to include:
  - (1) Contractor Surveillance.
  - (2) Inspection.
  - (3) Safety Inspection.
  - (4) Manage Government-Furnished Equipment (GFE)
  - (5) Management Oversight of Contractor-Furnished Equipment (CFE)
  - (6) Coordination of contractor activities with site operation and closeout documentation.
  - (7) Control Construction Contract changes.
  - (8) Support and/or participation in Readiness Reviews and System Startups.
  - (9) Ensure construction is accomplished on schedule and in accordance with approved designs.
  - (10) Pre-bid site visits and Pre-construction Meetings.
  - (11) Project Status.
  - (12) Cost Control Reports via CCTA.
  - (13) Checkout, Testing, and Startup, as required.
  - (14) Use and Possession.
- i. Provide as required for projects assigned to DM support equipment and contracted third-party services.
- j. For DOE awards, provide procurement packages to include approved-for-construction specifications and drawings, period of performance schedule, list of GFE, cost breakdown worksheet, and Quality Source Inspection checklist via compact disk, as well as hard copies of

liquidated damages, safety and health checklists for construction, National Environmental Protection Agency documentation, and the Government estimate.

- k. For Construction Management Services (CMS) awards, provide National Environmental Policy Act documents, publication of Approved for Construction (AFC) specifications and drawings in PCentra via Task Publisher, and support A-E Design Reviews.

The following projects are authorized:

MAJOR MAINTENANCE

<u>Task Number</u>	<u>Task Description</u>	<u>FY 2012 AOP</u>
BC-MM-772	Upgrade Brine Disposal Well Pad #1 Filters/Meters	\$465,000
BM-MM-529A	Clean and Inspect Crude Oil Tank BMT-2	\$453,000
	TOTAL	\$918,000

II. DELIVERABLES

Deliverables for projects assigned to DM include the following:

<u>Deliverables (E = Electronic via Link to a Document Management System, H = Hardcopy)</u>	<u>Due</u>
1. Construction Management deliverables include the following:	
a. Project Status Report (includes schedule status, safety performances, etc.) (E)	As required at each Project Review
b. Weekly Site-Specific Report from Construction Management to each respective Senior Site Representative and DOE Project Engineer listing Construction status, concerns, problems, and proposed resolutions of problem areas, as required (E)	9 a.m., First Working Day of the Week, as required

Deliverables (E = Electronic via Link to a  
Document Management System, H = Hardcopy)

Due

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|--|--|
| c. Latest Revised Estimate (LRE)<br>via CCTA (E)                               | Update Electronically and<br>Present at each Project<br>Review (as needed) |
| d. Construction Interface Meeting Minutes<br>(E)                               | As Required  |
| e. CM-1 Report updates via CCTA (E)  | As Required  |
| f. Checkout, Test, and Startup Records (E)<br>and (H)                          | As Required  |
| g. GFE, Contractor-Furnished Equipment<br>(CFE), and Vendor Data Schedules (E) | As Required  |
| h. Complete procurement package for DOE<br>and CMS awards (E) and (H)          | Per Established Level 3<br>Milestones, as required                         |

III. PERFORMANCE MEASURES

None.