

NOTICE OF SALE NO. DE-NS96-17PO20000

FY17 21ST CENTURY CURES ACT SALE

Questions & Answers

1. Question: Can both West Hackberry and Big Hill barrels get into HOHO Pipeline for deliveries into St. James.?

Answer: Yes - West Hackberry barrels via the Lake Charles Meter Station connection to the Zydeco-Shell (HOHO) 22” Pipeline, and Big Hill barrels via pipeline connection to the Zydeco-Shell (HOHO) 20” Pipeline.

2. Question: Which one of the attached crude stream is being offered?

Answer: See Notice of Sale Attachment A for crude oil streams offered for sale.

3. Question: Is the total 10 million barrels per company or 10 million barrels for each stream being offered?

Example: 50 companies received 10 million barrels each or share in the 10 million barrels offer for each stream?

Answer: See Notice of Sale Attachment A. The “MLI Qty (MB)” designates the total number of sale barrels offered for each stream.

4. Question: Is there a minimum and maximum per tender for each crude stream?

Answer: See Notice of Sale Attachment A “MIN Qty (MB)” for minimum contract quantity per DLI.

5. Question: Is the total 10 million barrels per location?

Answer: See Notice of Sale Attachment A. The “MLI Qty (MB)” designates the total number of sale barrels offered for each stream.

6. Question: Do you have any insight you could offer as to why Bonito was chosen over a more liquid grade such as SGC?

Answer: The SPR benchmark crude is identified as the crude stream which most closely represents the SPR crude offered, and has a published value assessed by the market.

7. Question: Can the Bryan Mound Sour be delivered into the new Genesis Terminal at Texas City? This is an alternative to the Enterprise Line that moves from Texas City to Webster.

Answer: Official Response: See Notice of Sale Attachment A “MIN Qty (MB)” for minimum contract quantity per DLI.

Note: It is the responsibility of the Offerors to assure that terminal and pipeline availability is sufficient to accommodate delivery of all awarded crude oil volumes.

8. Question: Maximum MLI Quantity – If offeror requests a Desired Quantity for 1 DLI for a Master Line Item, is it possible to have the option to receive more barrels than the Desired Quantity by inputting a larger amount (the maximum desired amount) in the Maximum Quantity field?

Answer: All offers should be submitted in accordance with Standard Sales Provisions B.19.

9. Question: Daily Index Price – On page 12 of the Notice of Sale, the DIP is defined as “the Weighted Average Month 1, Houston Close.” Can you please clarify? The location for this crude stream is St. James, LA and it should be priced as a differential to NYMEX WTI on Argus.

Answer: The reference crude is confirmed in accordance with the Notice of Sale as Bonito Sour Weighted Average Month 1 Houston Close as published by Argus.

10. Question: Offer Guarantees - Do we need multiple offer guarantees if we submit multiple offers? We are assuming we need an offer guarantee in place for each offer submitted. We would like to confirm this assumption as it conflicts somewhat with the concept of a maximum \$10MM offer guarantee letter of credit covering any size offer.

- Section B.12.a. states that each offeror must submit an acceptable offer guarantee for each offer submitted.
- Section B.12.c. indicates that the amount of offer guarantee is capped at \$10 million.
- Section B.12.e. states that if Offerors provide more than one Offer Standby Letter of Credit for multiple offers, the Contracting Officers may assign the letters of credit to specific offers.

Answer: Companies are required to submit one offer guarantee for each offer. The 10M maximum is for the offer only. If a company is awarded a contract, the company will have to do a payment and performance letter of credit for the full value of the contract.

11. Question: Questions about the DOE connectivity and pipeline infrastructure.

Answer: For assistance with DOE pipeline connectivity please contact:

SPR Crude Oil Scheduling:

Fluor Federal Petroleum Operations Company

New Orleans, Louisiana

Chuck Costanza, (504) 734-4733 (Primary)

Ned Scheppegrell (504) 722-6146 (Secondary)

All email correspondence: FFPOCOL@spr.doe.gov

12. Question: Offeror is working on posting providing Offer Guarantee's for the upcoming SPR sale. We calculate the Offer Guarantee expiry date of "60 days after the date set for receipt of offers" as Sunday April 30th. Can you confirm that is the correct date to use, or should the expiry date be the next business day, May 1st?

Answer: DOE Finance confirms the expiry date to be Sunday, April 30th, 2017.