

NOTICE OF SALE NO. DE-NS96-19PO20000

SALE OF TEN (10) MILLION BARRELS OF SOUR CRUDE OIL FOR THE STRATEGIC PETROLEUM RESERVE

Questions & Answers

1. Question: The SPR is offering for sale 20 million barrels, but selling only 10 million barrels. Can you clarify the difference in these two terms, including why the two volumes are not the same?

Answer: Pursuant to the Notice of Sale, under Sale-Specific Requirements, the intended quantity of SPR crude to be awarded is 10 million barrels. The SPR is offering an aggregate of 20 million barrels to be bid among the three (3) SPR sites in accordance with Standard Sales Provisions (SSPs), Sections B.18 and B.22.

2. Question: In Attachment A, the sum of the individual DLI quantities exceed the MLI quantity (site limit?) for the West Hackberry and Big Hill locations, but not for the Bryan Mound location. Will there be additional DLI volumes added to the Bryan Mound location?

Answer: See Standard Sales Provisions (SSPs), Section B.18(e), in regards to quantities offered at West Hackberry and Big Hill DLI quantities. Please refer to oil sales website for updates to offered DLI volumes

3. Question: The sale is structured with a max of 10 MMBbls from Bryan Mound, 5 MMBbls from West Hackberry and 5 MMBbls from Big Hill. Can you briefly describe how the DLI's are pared down into a site total, and the site totals pared down to a 10.0 MMBbl sale cap?

Answer: Quantities offered will be awarded in accordance with SSPs, Sections B.21 and B.22.

4. Regarding the latest sale, there's some confusion on whether it is 10 mm barrels total or 20 mm barrels that'll be sold. May I request a clarification?

Answer: Pursuant to the Notice of Sale, under Sale-Specific Requirements, the intended quantity of SPR crude to be awarded is 10 million barrels. The SPR is offering an aggregate of 20 million barrels to be bid among the three (3) SPR sites in accordance with Standard Sales Provisions (SSPs), Sections B.18 and B.22.

5. Is there any possibility of Jones Act waivers being granted for a trip going through the Panama canal to California and/or Washington state?

Answer: Pursuant to the Notice of Sale, under SUPPLEMENTS AND AMENDMENTS TO THE STANDARD SALES PROVISIONS *item 1 page 3*, Standard Sales Provision sections B.4 and C.7 Jones Act waiver requests are supplemented as follows:

The Secretary of the Department of Homeland Security has not issued a general ('blanket') waiver of the 'Jones Act' for the marine delivery of crude oil purchased in this sale. Consequently, it is necessary for an Apparently Successful Offeror (ASO) to follow the procedures of SSP C.7. Standard Sales Provision C.7 (a) is modified to provide the following address for submission of a Jones Act waiver request.

U. S. Customs and Border Protection
Office of International Trade/Regulations and Rulings
Chief, Cargo Security
Carriers and Restricted Merchandise Branch
U.S. Department of Homeland Security
90 K Street, N.E., 10th Floor
Washington, D.C. 20229
Telephone No. (202) 325-0215
Fax: (202) 325-0154

6. In regards to the *Notice of Sale*, Section: *Supplements and Amendments to Standard Sales Provisions*, Item 2: *Standard Sales Provision B.5*: I wanted to confirm that there will be no oil spill tax.

Answer: Pursuant to the Notice of Sale, item 2 page 3 Standard Sales Provision B.5 Superfund Tax on SPR Petroleum-Caution to Offerors, states:

“The “Superfund” and Oil Spill Liability Trust Fund (OSLTF) taxes are currently not imposed as of the date of this Notice of Sale. Any duties, retroactive or future, enacted after the Notice of Sale date will be the sole responsibility of the Offeror. Additionally, purchasers are liable for: Coastal Protection fees, Waterway Navigation fees, state and local environmental fees, including the federal Harbor Maintenance Trust Fund fees, if applicable.”

7. In the Notice of Sale, *Supplements and Amendments to Standard Sales Provisions* Item 6 and 16 states:

“Delivery Points (from Beaumont, Texas): change from “Unocal Terminal” to “Phillips 66 Beaumont Terminal”

“The delivery point for “DLI-H Pipeline @ P66 Beaumont Terminal” is the receiving tank flange at P66 Beaumont Terminal. Offerors bidding on this DLI must have tankage prearranged at P66 Beaumont Terminal available for receipts. Offerors will be invoiced an additional \$0.13 per barrel throughput for all crude oil that passes through the P66 Beaumont Terminal Connection Point”

My question is in the amendment 001, was Phillips 66 Beaumont Terminal missed as a DLI for Big Hill Sour?

Answer: Pursuant to the Notice of Sale, DLI-H @P66 Beaumont Terminal is an option as stated at item 16 pages 9 and 10. Omission from the table was inadvertent. Please refer to oil sales website for any updates.

8. We are preparing the bid for the Offer Standby Letters of Credit. I noticed the expiration date of 60 days past the submission (August 28) would be Sunday October 27th. Wanted to confirm guidance that we should extend the date to the next business day?

Answer: Reference is made to the *Supplements and Amendments to the Standard Sales Provisions, Para 4*, which states that “For this sale the actual expiration date of the letters of credit furnished as offer guarantees will be October 28, 2019.” Also, October 28, 2019, is shown on Attachment D, “Sample – Offer Guarantee Standby Letter of Credit.”