RFP NO. 89243520RFE000015

PURCHASE OF UP TO THIRTY (30) MILLION BARRELS OF CRUDE OIL PRODUCED IN THE UNITED STATES BY UNITED STATES PRODUCERS

Questions & Answers

1. **Question:** Page B-1 of the RFP states:

   Offerors, which include regular sellers or distributers of crude oil, must certify (*see* Section K.3 OFFEROR CERTIFICATION) that all Crude Oil shipments received by the SPR pursuant to this solicitation will be sourced from: (i) individuals, corporations, partnerships, or governmental entities, (ii) which are either United States citizens, incorporated or organized in the United States, or governmental entities of the United States or one of its states, and (iii) which employ fewer than 5,000 employees among all of its affiliated, subsidiary, and parent companies.

   Please confirm my understanding of this language. My interpretation is that my company (which is an American company with more than 5000 employees) is able participate in this RFP so long as we source the crude for this purchase from US producers which employ fewer than 5,000 employees. Can you please confirm that my understanding is correct?

   Answer: Yes. Your company can bid as long as the source has fewer than 5000 employees.

2. **Question:** Regarding your recent RFP 89243520RFE000015, can you please provide more clarity on what is required to certify employment of less than 5,000 employees? Would contract employees count towards this total?

   K.3 OFFEROR CERTIFICATION
   By submission of an offer, Offeror certifies:
   1. It is a regular seller/distributor of Crude Oil; and
   2. All Crude Oil shipments received by the SPR pursuant to this solicitation will be sourced from Crude Oil produced in the United States by U.S. producers employing fewer than 5,000 employees among all of its affiliated, subsidiary, and parent companies

   Answer: You do not need to count contractors.

   Follow Up Question: Will a signed letter stating we are less than 5,000 employees suffice for certification?

Answer: The requirement of the RFP states that the source must be less than 5000 employees. As stated in K.3, if the company provides a response to the solicitation, then they are declaring that the source is from a company that has less than 5000 employees.

3. **Question:** Is this proposal intended for small Oil & Gas producers like mine to apply? We have 11 employees on our payroll, including our field technicians and supervisors. I don't see how a company like ours could know how to fill out the application, let alone transport our oil to one of the receiving facilities mentioned in the proposal. If this is intended for companies such as Sunoco Partners or Plains marketing or Valero Energy to apply on behalf of the companies they buy oil from, please advise.

   Answer: As long as the source is a small company, then a larger company can bid.

4. **Question:** The submission deadline is scheduled to be 11:30am CST March 26, 2020 – is the award date known? What day is that?

   Answer: In accordance with Section L, Page L-3 of the Request for Proposal of U.S. Produced Crude Oil item L.5(b)(3) stipulates "The offer shall remain valid for 48 hours unless indicated otherwise or the validity would terminate on Saturday, Sunday, or a U.S. federal holiday. If validity would terminate on Saturday, Sunday, or a U.S. federal holiday, the offer shall remain valid until the same time on the next succeeding day which is not a Saturday, Sunday, or U.S. federal holiday."

   Question: With the pricing being over 3 days, including the date of award, can you confirm award will be prior to settlement on the date of award to facilitate appropriate hedging? What time is expected for award notifications?

   Answer: See pricing example below.

   Question: In addition to the 3 days of Nymex pricing, are the Argus differential pricing days also for the same 3 days? If different, can you please clarify?

   Answer: See pricing example below.

Generic examples - Bid & Award Price (RFP reference; Sections: B, L, and M)

Assumptions: • Offers due 03/12 • Award date 03/16 • Delivery Period May thru June

		March 11th	12th	13th	16th	17th	18th	Average (16th - 18th)
NYMEX WTI	May 2020 settlement price (CLM)	$ 33.39	$ 31.98	$ 32.11	$ 29.00	$ 27.33	$ 20.83	$ 25.72
	June 2020 settlement price (CLN)	$ 33.86	$ 32.51	$ 32.59	$ 29.55	$ 28.05	$ 21.93	$ 26.51
	May Argus WTI Houston Month 1 WTD Diff Index	$ 0.90	$ 0.90	$ 0.88	$ (0.08)	$ (0.85)	$ (1.50)	$ (0.81)

Offer Δ Submittal

Offer fixed differential	$	0.60	Example of bid differential "Δ" as determined by Contractor
Offer volume		1,000,000	bbls.
Offer month		May	
If awarded:			
Fixed Price Determination Calculation	$	32.49	NYMEX market information at time of bid. Shown as average 3/11 - 3/13 (33.39+31.98+32.11)
		+	
	$	0.89	Adjusted for Argus WTI Houston Month 1 WTD for the three trading days at time of bid. Average 3/11-3/13 (.90+.90+.88)
		+	
	$	0.60	Corresponding monthly "Δ" value for each line item offer
	$	33.986	

Unit Price Award

Example 1:

Offer fixed differential	$	0.60	Example of bid differential as determined by Contractor (pre-award)
Offer volume		1,000,000	bbls.
Offer month		May	
If awarded:			
Fixed Price Determination Calculation	$	25.72	Average of daily settlements for the NYMEX WTI May delivery month contract for the three trading days commencing with award day. Shown as average 3/16 - 3/18 (29.00+27.33+20.83)
		+	
	$	(0.81)	Adjusted for Argus WTI Houston Month 1 WTD for the three trading days commencing with award day. Average 3/16 - 3/18 (-.08 -.85 -1.50)
		+	
	$	0.60	Corresponding monthly "Δ" value for each successful line item offer
	$	25.510	**Fixed price per barrel**

Unit Price Award

Example 2:

Offer fixed differential	$	(0.60)	Example of bid differential as determined by Contractor
Offer volume		1,000,000	bbls.
Offer month		June	
If awarded:			
Fixed Price Determination Calculation	$	26.51	Average of daily settlements for the NYMEX WTI June delivery month contract for the three trading days commencing with award day. Shown as average 3/16 - 3/18 (29.55+28.05+21.93)
		+	
	$	(0.81)	Adjusted for Argus WTI Houston Month 1 WTD for the three trading days commencing with award day. Average 3/16 - 3/18 (-.08 -.85 -1.50)
		+	
	$	(0.60)	Corresponding monthly "Δ" value for each successful line item offer
	$	25.100	**Fixed price per barrel**

5. **Question:** We buy a great deal of our crude in the fungible systems. And US producers sell a majority of their crude oil into fungible systems. For example, the WTI that we buy comes from various trading and midstream companies at Nederland Texas. This crude is sourced from many many producers in West Texas, most of whom are definitely under 5000 employed. Dealing with and guaranteeing that crude oil molecules come from these small producers will be nearly impossible as the crude oil

streams are fungible. If we just need to prove that the we have a deal with someone who is under that 5000 level then we can probably do that.

Regarding the SGC stream, most if not all of the offshore producers are going to be larger than 5000 employed if you take into account their world-wide employee base. I believe the same will hold true with the Mars producers. Can you give any guidance in how we can work with the rules to sell SGC (a crude produced in the USGC) into the SPR it would be much appreciated.

Answer: As long as you source the oil from a company with fewer than 5000, then you can bid.

Question: We have identified a number of producers we purchase from directly. All this crude would be in the general WTI pool/fungible stream. We will look to offer into the SPR proposal to sell to the SPR for that amount of crude and we have supporting documentation (contracts) that shows we have purchased from those producers with less than 5000 employees. Please confirm this avenue works.

Answer: This would be appropriate.

6. **Question:** Can offeror submit a bid with a FF flag delivery mode?

Answer: No. All marine bids/offers (tanker/barge) must initially be based on US flag delivery mode only. See RFP Section F.1(i) and Exhibit F for RFP guidelines.

7. **Question:** Does an Offeror need a tank at Beaumont, Nederland, Freeport or St James to offer bbls to the SPR?

Answer: Customers are responsible for qualifying tank availability for delivery fulfillments to SPR sites. Deliveries to Bryan Mound from Freeport docks will not require Contractor's to procure additional tankage.

Questions/Answers: Exhibit E refers to "local commercial pipelines"

a. Can an Offeror deliver Ex-Seaway Pipeline at Jones Creek into Bryan Mound?

   In accordance with the RFP , Jones Creek Terminal is not offered as a connection point for the RFP. The SPR's direct connection via a 30-inch line from Bryan Mound to Jones Creek Terminal is currently out of service. Contractors are encouraged to qualify the connections and carrier availability to the SPR site.

b. Can an Offeror deliver Ex-Market Link Pipeline / Ex-ETCOP Pipeline / Ex-Permian Express Pipelines 2-4 to P66 Beaumont or Sunoco Nederland into Big Hill?

   In accordance with the RFP, Exhibits E and G list available connections to SPR sites. Customers are responsible for qualifying the connections, pipe transport, tank capacity requirements at the terminal and availability to the custody transfer point SPR sites.

c. Can an Offeror deliver Ex-Zydeco or Ex-Bayou Bride at Lake Charles for West Hackberry?

   In accordance with the RFP, Exhibits E and G list available connections to SPR sites. Customers are responsible for qualifying the connections, pipe transport, tank capacity requirements at the terminal and availability to the custody transfer point SPR sites.

d. Can an Offeror deliver Ex-Zydeco or Ex-Bayou Bride at Bayou Chocktaw?

   In accordance with the RFP, Exhibits E and G list available connections to SPR sites. Customers are responsible for qualifying the connections, pipe transport, tank capacity requirements at the terminal and availability to the custody transfer point SPR sites.

Question: Will the SPR consider offers of “sweet” quality crude oil into Big Hill and/or West Hackberry?

Answer: In accordance with the RFP, section B.6(d), the SPR will only be taking sour crude at Big Hill and West Hackberry.

Question: Will the SPR consider offers of “sour” quality crude oil into the Bryan Mound and/or Bayou Choctaw?

Answer: In accordance with the RFP, section B.6(d), the SPR will only be taking sweet crude at Bryan Mound and Bayou Choctaw.

Question: Can you provide an example of how the pricing structure would work?
Answer: See Pricing example above.

Question: Can you provide an example of how the quality bank would work for both sweet and sour for API and sulfur?

Answer: In accordance with the RFP, section B.8, explains how quality differentials will be settled on a per cargo basis.

Question: Are there baseline crude oil specifications for the respective quality bank calculations?

Answer: In accordance with the RFP, section B.8, explains how quality differentials will be settled on a per cargo basis.

Question: Pipeline nominations are typically not complete until after the 20th of the month before delivery. What is required from an successful Offeror on April 2, 2020, from a scheduling perspective?

Answer: Please refer to Section F, Deliveries of Performance for specific info, however, “For all deliveries for the month of May and June, the Contractor shall nominate a delivery program to the DOE not later than April 2, 2020. The Government will respond to the Contractor not later than 5 business days of submittal, confirming the schedule as originally submitted or proposing alterations. The Contractor shall confirm nominations with the DOE via email using the form included in Section J, Exhibit H.”

Question: What information does an Offeror need to provide in the assays submitted to the SPR?

Answer: The assays should provide a critical comprehensive analysis of the crude being offered. An example of an assay are those posted for SPR crudes. (https://www.spr.doe.gov/reports/Crude_Oil_Assays.html)

Question: How do you define the award day?

Answer: In accordance with Section L, Page L-3 of the Request for Proposal of U.S. Produced Crude Oil item L.5(b)(3) stipulates “The offer shall remain valid for 48 hours unless indicated otherwise or the validity would terminate on Saturday, Sunday, or a U.S. federal holiday. If validity would terminate on Saturday, Sunday, or a U.S. federal holiday, the offer shall remain valid until the same time on the next succeeding day which is not a Saturday, Sunday, or U.S. federal holiday.”

Question: If an Offeror's assay does not fall within the specifications defined in Exhibit C-1 for either sweet or sour, will their offer be automatically disqualified or will it still be considered?

Answer: The Contracting Officer may reject any bid which does not meet the specifications of the RFP. In accordance with the RFP for U.S. produced Crude Oil section B.1(c), " Crude Oil offered for sale to the DOE shall meet the specifications in Section J, Exhibit C. Acceptance of any Crude Oil offered for delivery will be subject to the Contracting Officer's approval." If the Contracting Officer does not approve crude delivered or staged for delivery to the SPR site section B.8(f) states "If the Crude Oil being delivered to the SPR is outside the contractual limits and is determined to be unacceptable, the Government reserves the right to return the delivered Crude Oil, at the contractor's expense, to the vessel for marine receipts or to the Crude Oil tankage for pipeline receipts."

Question: my understanding is that the first day of the pricing window for apparently successful offerors is the same day as the award day. At what time will the apparently successful offerors be notified that their offerors were successful on the award day?

Answer: In accordance with Section L, Page L-3 of the Request for Proposal of U.S. Produced Crude Oil item L.5(b)(3) stipulates "The offer shall remain valid for 48 hours unless indicated otherwise or the validity would terminate on Saturday, Sunday, or a U.S. federal holiday. If validity would terminate on Saturday, Sunday, or a U.S. federal holiday, the offer shall remain valid until the same time on the next succeeding day which is not a Saturday, Sunday, or U.S. federal holiday."

8. **Question:** In order to meet the minimum 1,000,000 Bbls contract volume over a 2 month period, the majority of small producers would have to join together in some sort of cooperative, probably headed up by our crude oil buyer/transporter in order to qualify. Is that correct?

Answer: As stated in the RFP section B.1(d), the minimum offer quantity is for 1,000,000 barrels of U.S. produced Crude Oil. The SPR is trying to maximize fill rates to get to capacity to help alleviate supply demand imbalances.

Question: It is my understanding that the benefit to the domestic oil industry in participating in this program is through the "delta" used in submitting a proposal. Is the "delta" somewhat arbitrary, i.e., each contract is submitted with a "delta" figure maybe $10.00/Bbl or $15.00/Bbl as a bonus over and above the average NYMEX prices that are defined in the proposal?

a. If Producer "A" uses a "delta" of $20.00/Bbl and Producer "B" uses a "delta" of $21.00/Bbl, will Producer "B" not be selected for participation?

   Answer: The delta is decided upon at bid time by the Offeror. Price paid by the SPR to the successful Offerors will be in accordance with sections B, L, and M of the RFP. Please see pricing example below.

b. Are there any guidelines for determining the “delta”?

Answer: The NYMEX prices and the weighted average differentials attempt to value given grades of crude at a location. The delta bid would be at the Offeror’s discretion. Offerors are responsible for all costs to get crude to the interconnects specified at a specific SPR site listed in the RFP in exhibits E and G as referenced in B.2 of the RFP.

Under the RFP Q&A postings, please refer to response #4 for price example
https://www.spr.doe.gov/doeec/2020-03_CrudeOilPurchase/Docs/FY20Purchase_QA.pdf

9. **Question:** I am checking to see if my company would qualify in the purchasing of some of these barrels. We are small private purchasing company who buys barrels at the lease and then truck them to market. We operate in the following states Texas, Oklahoma, New Mexico, Arkansas and Louisiana. If we can purchase anything or service anyone with our trucks we very much like the opportunity.

Answer: Thanks for your interest and inquiry. The details for sourcing the U. S. produced Crude Oil and company participation requirements can be found throughout the RFP document. Minimum contract quantity, rates and cargo size are also identified for each SPR site delivery location. Trucking support operations are not typical delivery points on the commercial distribution pipelines or Marine facilities that directly support the SPR.

10. **Question:** I have a question surrounding supporting documentation:

Supporting Documentation -

a. Is supporting documentation required to demonstrate that crude is sourced from American companies with less than 5000 employees?

b. If so, what type of documentation will be required?

Answer: The requirement of the RFP states that the source must be less than 5000 employees. As stated in K.3, if the company provides a response to the solicitation, then they are declaring that the source is from a company that has less than 5000 employees. Additionally, as stated in L.5(b)(5), an offeror must include “…a list of the U.S. producers from which the crude oil will be sourced and the quantities of crude oil that will be sourced from each.”

11. **Question:** have a couple of questions around the formatting requirements of the SF 1449.

1. What are the requirements of box 18a?

2. Box 20 - Does Exhibit A Offer Form meet this requirement or should we include each line item on the SF 1449 as well?

Answer: Box 18a will be filled in by my office upon award. Box 20 does not need to be filled in. Exhibit A meets the requirement.

12. **Questions:**

1. With respect to Section K.3(1), what is the definition of a "regular seller/distributor of Crude Oil"?

   Answer: A prospective offeror must be in the business of selling and distribution of crude oil.

2. With respect to Section K.3(2), are Offerors discouraged or otherwise prohibited from submitting a bid regarding the requirement that the Offeror be a "regular seller/distributor of Crude Oil" if the submittal is accompanied by the following exception?: *"We are unsure what it means to be a "regular seller/distributor of Crude Oil" but as part of our midstream asset positions, each month we sell millions of barrels of crude oil produced in the United States including, but not limited to, sour Crude Oil."*

   Answer: See answer to question 1.

3. With respect to Section K.3(2), are Offerors discouraged or otherwise prohibited from submitting a bid regarding the requirement that all Crude Oil shipments be produced by "U.S. producers employing fewer than 5,000 employees among all of its affiliated, subsidiary, and parent companies" if the submittal is accompanied by the following exception? *"Our company is not a producer of Crude Oil but rather we purchase it from third parties. Further, there is no way to physically track the provenance of every molecule of crude oil that we buy directly or indirectly from independent producers of Crude Oil in the United States however, we have no reason to believe that any Crude Oil that we offer hereunder was produced anywhere but in the United States."*

   Answer: The requirement of the RFP states that the source must be less than 5000 employees. As stated in K.3, if the company provides a response to the solicitation, then they are declaring that the source is from a company that has less than 5000 employees.

4. With respect to Section K.3(2), are Offerors discouraged or otherwise prohibited from submitting a bid regarding the requirement that all Crude Oil shipments be produced by "U.S. producers employing fewer than 5,000 employees among all of its affiliated, subsidiary, and parent companies" if the submittal is accompanied by the following exception? *"Our company is not a producer of Crude Oil but*

rather we purchase it from third parties. Given the expedited nature of this RFP, we have not been able to certify or perform due diligence that all Crude Oil offered hereunder has been produced by "U.S. producers employing fewer than 5,000 employees among all of its affiliated, subsidiary, and parent companies", however it is our good faith belief that the Crude Oil offered hereunder will have been obtained, directly or indirectly, from independent producers in the United States who meet such employment criteria."

Answer: The requirement of the RFP states that the source must be less than 5000 employees. As stated in K.3, if the company provides a response to the solicitation, then they are declaring that the source is from a company that has less than 5000 employees.

5. With respect to Section K.3(2), which requires that all Crude Oil shipments be produced by "U.S. producers employing fewer than 5,000 employees among all of its affiliated, subsidiary, and parent companies", must the Offeror itself be a "U.S. producer employing fewer than 5,000 employees among all of its affiliated, subsidiary, and parent companies" OR is it permissible if the Offeror purchases the Crude Oil supplied hereunder either directly or indirectly from a U.S. producer employing fewer than 5,000 employees among all of its affiliated, subsidiary, and parent companies? If the Crude Oil supplied hereunder can be an indirect purchase, must the Offeror procure any prior documentation from the intermediary or the ultimate producer? If such documentation is required, please describe the nature and/or level of detail that must be included.

   Answer: As stated in K.3, if the company provides a response to the solicitation, then they are declaring that the source is from a company that has less than 5000 employees.

13. **Question:** Can you provide a detailed pricing example where the Nymex price goes up every day?

Answer: See example above for NYMEX increase. The price at award date will be the three day average commencing at award date of the WTI NYMEX Settlement price, plus the weighted average differential for May, plus the differential submitted by the Offeror in their bid.

Question: What I am really trying to understand is the maximum contract value. Does the DOE have the option of paying the lessor of B.5 paragraph (a) or B.5 paragraph (b)? That is how it is reading and just want to clarify.

Answer: The contract max language in B.5(b) only addresses any budget restrictions imposed by Congress in the funding bill authorizing the SPR purchase. It's intent is not to change the pricing formula but instead to limit the total purchase dollars spent to the amount authorized in the funding mechanism provided by Congress. The SPR is not authorized to spend funds which are not approved by Congress.

Question: On the Exhibit A, under the "Crude Oil Type" column, do we need to enter the specific crude oil (WTI, LLS, etc…) or do we just put "sweet" or "sour." Asked another way, do we need to be specific, or can we label the crude generically?

Answer: Offeror should include the crude type such as Mars, Thunderhorse, etc. in the crude type field. Offerors will also need to submit an assay with the Offer Form that supports the crude type listed.

14. **Question:** We noticed that the pricing starts on the day of the award. Will we be notified in the morning before 10am to allow us to hedge the volume we were awarded? Otherwise anything much later would jeopardize the ability to hedge the flat price and differentials.

Answer: In accordance with Section L, Page L-3 of the Request for Proposal of U.S. Produced Crude Oil item L.5(b)(3) stipulates "The offer shall remain valid for 48 hours unless indicated otherwise or the validity would terminate on Saturday, Sunday, or a U.S. federal holiday. If validity would terminate on Saturday, Sunday, or a U.S. federal holiday, the offer shall remain valid until the same time on the next succeeding day which is not a Saturday, Sunday, or U.S. federal holiday."

Question: The minimum offer quantity is stated to be 1,000,000 barrels. Can this volume be separated out over months including early deliveries, May and June, or is the full 1,000,000 barrels awarded expected to be delivered in the delivery month stated on the offer?

Answer: In accordance with Exhibit A of the RFP, Offerors will submit bids via the Offer Form, which will include the Delivery Month to the SPR. Early deliveries per section B.1(e), deliveries prior to May 1, 2020, will be accommodated to the maximum extent possible on a best efforts basis, terms to be negotiated.

15. **Question:** I work with Company XYZ and we are registered to by oil from the SPR and have site access. I see that this Offer is not part of the SPR site but something else and need to register with SAM.gov? This being so, I hear you have very specific requirements for suppliers and trying to find out if Company XYZ can actually offer into this RFP or is it specifically limited? I appreciate if you could advise.

Answer: Per FAR Subpart 4.11, offerors are required to be registered in the System for Award Management. Additional requirements are contained in the Request for Proposal.

16. **Question:** Please clarify if payment can be made for small business prior to the actual delivery of crude to the Reserve.

Answer: Advance payments are not authorized for this procurement.

17. **Question 1:** Regarding testing crude oil specifications per Exhibit C-1, will every batch be tested for each specification, or will an initial certificate of analysis suffice? Regarding the light end components, will C1, C2 and C3 be tested individually, or will total light ends (either C1-C3 or C1-nC5) be tested?

Answer: All cargoes coming into the SPR will be tested. The listed methods in Exhibit C-1 will give an individualized carbon number to each of the required C1, C2, and C3 not a single collective number.

Question 2: If a deliverable batch is tested and received and a characteristic does not meet the specifications in Exhibit C-1 (Excluding API and Sulfur Content) , will pipeline flow be shut down or will a value adjustment be applied?

Answer: The Contracting Officer may reject any bid which does not meet the specifications of the RFP. In accordance with the RFP for U.S. produced Crude Oil section B.1(c), " Crude Oil offered for sale to the DOE shall meet the specifications in Section J, Exhibit C. Acceptance of any Crude Oil offered for delivery will be subject to the Contracting Officer's approval." If the Contracting Officer does not approve crude delivered or staged for delivery to the SPR site section B.8(f) states "If the Crude Oil being delivered to the SPR is outside the contractual limits and is determined to be unacceptable, the Government reserves the right to return the delivered Crude Oil, at the contractor's expense, to the vessel for marine receipts or to the Crude Oil tankage for pipeline receipts."

Question 3: If you receive delivery per the NYMEX of Domestic Sweet crude and it meets the crude assay specification per the NYMEX, is that an acceptable barrel?

Answer: In accordance with the RFP for U.S. produced Crude Oil section B.1(c), " Crude Oil offered for sale to the DOE shall meet the specifications in Section J, Exhibit C. Acceptance of any Crude Oil offered for delivery will be subject to the Contracting Officer's approval."

Question 4: Will blends of US crude be acceptable barrels for delivery where the certification of origin is not available if 1) characteristics meet DOE specifications –
In accordance with the RFP for U.S. produced Crude Oil, the delivered product must be U.S. produced.

2) documentation such as contracts show that we purchased from producers less than 5000 employees for the amount offered?
Please see items 1 and 2 at https://www.spr.doe.gov/doeec/2020-03_CrudeOilPurchase/Docs/FY20Purchase_QA.pdf

18. **Question:** If there is low sulfur crude that can meet the specifications for “sour” on the RFP, would it be accepted for delivery to Big Hill and/or West Hackberry?

Answer: There is no minimum specification for sulfur on sour crude, so if a low sulfur crude meets all of the other specifications for “sour” on the RFP, it may be considered for acceptance for delivery to Big Hill and/or West Hackberry.

19. **Question:** As a follow up to the maximum contract value question, if the price does not change, is this (staying within Congressional spending limits) accomplished by reducing the quantity purchased?

Answer: In accordance with section B.5(a), barrels will be awarded at a fixed price per barrel offered. Maximum contract value would be price pending actual deliveries, quality differentials, and any imbalances.