

RFP NO. DE-RP96-22PO00001

EXCHANGE OF THIRTY TWO (32) MILLION BARRELS OF SOUR CRUDE OIL
FROM THE STRATEGIC PETROLEUM RESERVE

Questions & Answers

1. **Question: Reference L.5(b)(6), Offer Guarantee Letter of Credit**

How long does the offer guarantee letter of credit need to stay open if we are a winning bidder?

Answer: Per L.5(b)(6)(g), the offer guarantee must be valid for at least 30 calendar days after the date set for receipt of offers. Per Amendment 0001 and L.5(b)(6)(h), if an offer is accepted, the offer guarantee Letters of Credit will be returned upon receipt of a satisfactory payment and performance Letter of Credit.

2. **Question: Is there a Base Reference Price for this Exchange?**

Answer: There is no Base Reference Price in this Exchange. This Exchange uses a fixed premium as seen in section B.5(a) and with an example in section B.5(b).

3. **Question: Can a Contractor return the bbls Ex-Pipe at Sunoco Nederland, Phillips 66 Beaumont, and/or St. James, or is tankage required at these respective sites to return volumes to the SPR?**

Answer: In accordance with the solicitation, section B.6, *“Offerors are responsible for ensuring that deliveries from and to the SPR can be accommodated through the applicable commercial terminals/pipelines.”* The SPR does not provide tankage at any of the terminals for Exchange Oil or Return Oil deliveries. Please note, as per section B.1(a) of the solicitation, Return Oil barrels are to be returned to the respective site that Exchange Oil barrels were delivered from.

4. **Question: How is the price of the volumes Exchanged determined?**

Answer: Section B.5(a) presents the fixed exchange premium, and section B.5(b) has an example of how the premium barrels are calculated.

5. **Question: Can you please confirm that Sweet volumes can be returned in the exchange?**

Answer: Pursuant to the table at B.5(d), this Exchange solicitation is only for SPR sour barrels.

6. **Question: Is this RFP restricted to U.S. Refiners only?**

Answer: The Exchange solicitation is not restricted to U.S. Refiners.

7. **Question: The document states : “.....offer guarantees must be valid for at least 30 calendar days after the date set for the receipt of offers. I count that as 5 January 2022. Do you agree?**

Answer: January 5, 2022 is correct. Please see revised Sample Offer Guarantee Standby Letter of Credit in Amendment 0001 which includes this expiration date.

8. **Question: Reference Sample Offer Guarantee - The “Offer No” usually is generated from the SPR online system, but under the terms of this exchange (submissions sent via email), I don’t see how to generate an offer number. Should I assume we leave this blank?**

Answer: Please see revised Sample Offer Guarantee Standby Letter of Credit in Amendment 0001 which corrects the erroneous references.

9. **Reference Section B.1(a) of the RFP which states the following: It is the intent of the SPR to facilitate delivery of Exchange Oil and receipt of Return Oil barrels to the same site as awarded. In the event that the site defined in this document is unable to deliver Exchange Oil or receive Return Oil for any reason, the DOE reserves the right to designate alternate location(s)**

Question: During Hurricane Ida, we were notified that the Bayou Choctaw cavern was able to pay out crude, but was unavailable to receive crude paid back into the cavern due to structural integrity. Will this be the case for the payback periods associated with Bayou Choctaw?

Answer: At this time, the SPR expects to receive Return Oil at Bayou Choctaw.

Question: Can we assume that in the event that Bayou Choctaw is exchanged, that the Bayou Choctaw cavern is able to receive payback barrels during its designated return periods? Or will an exchange of Bayou Choctaw crude need to be paid back to a different cavern?

Answer: Pursuant to the solicitation, section B.1(a) states that *“(Note: It is the intent of the SPR to facilitate delivery of Exchange Oil and receipt of Return Oil barrels to the same site as awarded. In the event that the site defined in this document is unable to deliver Exchange Oil or receive Return Oil for any reason, the DOE reserves the right to designate alternate location(s). In this event, DOE will compensate through adjustments to contract delivery quantities as determined by the Contracting Officer.)”* At this time, the SPR expects to receive Return Oil at the same SPR site that Exchange Oil was delivered from.

10. Question: Page 15, B.8 Adj. for crude oil quality differential. Under C: Allowable variations, Does this mean the Minimum payback crude oil API can be 29.50° since there is a +/- .5° and the minimum API is stated at 30°?

Answer: Pursuant to Section B.1(c), any Return Oil nominated to be injected into the SPR system must meet the quality specifications in Section J, Exhibit C. Section B.8(c) and B.8(d)(1) explain how contract close out differentials are calculated based on acceptable crude specification. The B.8 section adjustment is not to be interpreted as an allowance to nominate sour Return Oil with an API of 29.5° or any crude outside of the crude oil specification sheet.

11. Question: Can you take full redelivery (32MB) during a single quarter? Am asking as latest redelivery period most likely to be popular and you have said will be your preference as well. Equates to 32MB/120d = 266 kbd delivery rate across all sites in total?

Answer: Per section B.1(a) of the solicitation, the table denotes what the SPR can take in a given return period with full market participation. Please note section B.6(e) states: *“While the SPR can deliver and receive the site delivery volumes as stated in B.6(d) and B.6(f), Offerors are cautioned that, due to commercial volumes at the terminals/pipelines, delivery time frames may be restricted. Offerors are responsible for ensuring that deliveries from and to the SPR can be accommodated through the applicable commercial terminals/pipelines. Offerors are also cautioned that gauging and or testing of all incoming Return Oil to determine SPR compatibility as noted in Section J, Exhibit C-1 will require the tank to be static. This should be a consideration of all Offerors when investigating terminals/pipelines and when submitting ratable schedules as noted in B.6(c).”*