



Department of Energy
Strategic Petroleum Reserve Project Management Office
900 Commerce East
New Orleans, Louisiana 70123

April 26, 2012

Prospective Offerors:

This letter transmits Request for Proposal (RFP) No. DE-SOL-0003490 entitled "Management and Operation of the Strategic Petroleum Reserve." The Strategic Petroleum Reserve Project Management Office (SPRPMO) of the U. S. Department of Energy (DOE) is requesting interested and qualified firms to submit proposals and compete for the award of a contract to manage and operate the SPR facilities in Louisiana and Texas. The contract resulting from this RFP will be a Management and Operating contract as defined in Federal Acquisition Regulation Part 17.6 and DOE Acquisition Regulation part 917.6. The objective of this RFP is to select the offeror best capable of managing and operating the SPR.

This letter provides only an executive summary of the salient elements of the RFP; it is not an integral part of the RFP and, in the event of any conflict between this letter and the RFP, the RFP will prevail. Offerors are cautioned to examine carefully the entire RFP, including the draft contract, and the requirements contained therein.

Proposals are due not later than 1:00 p.m. Central time on June 28, 2012 (reference Part IV, Section L. 17 of the RFP). DOE requires both written information and oral presentations as part of the Offeror's proposal. The proposal preparation instructions are described in Part IV, Section L. Any costs associated with the preparation of your proposal are to be borne by your firm and will not be reimbursed by the Government.

The Government contemplates award of a cost-plus-award-fee performance based management and operating contract resulting from this solicitation. The Government intends to evaluate proposals without discussions with Offerors (except clarifications as described in FAR 15.306(a)). Therefore, the Offeror's initial proposal should contain the Offeror's best terms from a cost or price and technical standpoint. The Government reserves the right to conduct discussions if the Government later determines them to be necessary. The contract period is anticipated to be five years from April 1, 2013 through March 31, 2018, preceded by a transition period of two months. The contract includes an option for contract extension such that, based on Contractor performance, the Government could extend the Contract without competition through March 31, 2023.

The Total Available Fee will be negotiated annually in accordance with DEAR 970.1504-1 and as further set forth in Part I, Section B. The allocation of this fee to specific performance requirements will be established in the annual Performance Evaluation and Measurement Plan.

It is the Department's intent to ensure that the Contractor Human Resource Policies adequately support the Contractor's ability to attract and retain critically skilled employees. Therefore, the Department plans to reach an advance understanding on Contractor human resources with the successful Offeror during the transition period. The advance understanding will enable both the Offeror and the DOE to determine allocability, allowability and reasonableness of costs prior to incurrence, thereby avoiding subsequent disallowance and disputes; provide appropriate and reasonable compensation levels to recruit and retain Contractor employees to meet DOE mission objectives; and assure prudent expenditure of public funds. Areas covered by the advance understanding will include compensation, welfare benefits, labor relations, retirement plans, training, educational assistance, awards programs, employee assistance, and paid leave and holidays. It is planned that the advance understanding will be appended to the Contract.

A Source Evaluation Board (SEB) will evaluate proposals. The SEB will submit its findings to the Source Selection Official for final selection. Proposals will be evaluated in accordance with the specific evaluation criteria delineated in Part IV, Section M, of the RFP and applicable DOE procurement policies and procedures.

Sincerely,

A handwritten signature in black ink, appearing to read "Kelly M. Gele". The signature is written in a cursive style with a large, looping initial 'K'.

Kelly M. Gele
Contracting Officer