

**DEPARTMENT OF ENERGY  
STRATEGIC PETROLEUM RESERVE (SPR)  
OIL EXCHANGE AGREEMENT  
DE-AC96-\_\_\_\_\_**

This Exchange Agreement, entered into this \_\_\_\_ day of \_\_\_\_\_, between the UNITED STATES OF AMERICA, acting by and through the Department of Energy, hereinafter referred to as the “GOVERNMENT” or “DOE” and \_\_\_\_\_, hereinafter referred to as the “Contractor.”

WITNESSETH:

1. AUTHORITY – That the Secretary of Energy, under the authority of the Department of Energy Organization Act (42 U.S.C. 7101 *et seq.*) and sections 159 and 160 of the Energy Policy and Conservation Act (42 U.S.C. 6239, 6240), having determined that the exchanging of crude oil will be advantageous to the Government and in the public interest, hereby enters into this agreement with the Contractor for the exchange of crude oil from the SPR.
2. CUSTODY TRANSFER – **Select applicable CUSTODY TRANSFER provision from Provision 1 of ATTACHMENT I**

The Government will deliver approximately \_\_\_\_\_ barrels (plus/minus 10%) of sweet/sour with an estimated API of \_\_\_\_\_ and an estimated sulfur of \_\_\_\_\_ from the Government’s (applicable) site to the contractor.

Return of oil to the SPR will be....

**Select applicable Provision from Provision 2 of Attachment I**

**Address here return rate (and batch sizes, time frames between batches, etc.) for the applicable site(s) for the exchange oil to be returned to the SPR.**

All costs associated with the transportation of the exchange oil transferred to the DOE will be absorbed by the Contractor, to include but not be limited to, tariffs, marine shipment, pipeline shipment, U.S. Customs duties, harbor and environmental fees (including Texas Coastal protection fees), terminalling and tankage charges.

3. TERM – The Government will commence delivery of oil to the Contractor within \_\_\_\_\_ days of this agreement and end not later than \_\_\_\_\_. Contractor shall return all exchange oil plus premium barrels to the (applicable) SPR site during the months of \_\_\_\_\_ (or before \_\_\_\_\_). Contractor’s oil return schedules must be approved by the Government prior to delivery. Also, see Provision 18 for additional scheduling requirements.

4. PAYMENT AND PERFORMANCE GUARANTEE – Within three (3) business days after receipt of award, the Contractor must provide to the Contracting Officer an acceptable “Irrevocable Standby Letter of Credit” established in favor of the United States Department of Energy in the amount of \_\_\_\_\_ with an expiration date of \_\_\_\_\_, and containing the substantive provisions set out in Attachment B. The letter of credit must be issued by a depository institution located in and authorized to do business in any state of the United States or the District of Columbia, and authorized to issue letters of credit by the banking laws of the United States or any state of the United States or the District of Columbia. The depository institution must be an account holder with the Federal Reserve Banking system and a participant (on line) in the Fed’s Fedwire Deposit System Network funds transfer system. The issuing bank must provide documentation indicating that the person(s) signing the letter of credit is authorized to do so, in the form of corporate minutes, the Authorized Signature List, or the General Resolution of Signature Authority. All wire deposit and letter of credit costs will be borne by the purchaser.

The letter of credit must be an “Irrevocable Standby Letter of Credit” and **MUST NOT VARY IN SUBSTANCE** from the sample in Attachment B. If the letter of credit contains any provisions at variance with Attachment B or fails to include any provisions contained in Attachment B, nonconforming provisions must be deleted and missing substantive provisions must be added or the letter of credit will not be accepted.

The blanks in Attachment B shall be filled in by the issuing bank, except those in the drawing statements. The drawing statements are in bold print with double underlines for the blanks. The double underlined blanks will be filled in only at the time of a drawing against the letter of credit.

The original of the letter of credit must be sent to the attention of:

U.S. Department of Energy  
Strategic Petroleum Reserve  
Planning and Financial Management Division  
FE-4452  
900 Commerce Road East  
New Orleans, LA 70123-3406

Failure to provide the letter of credit shall constitute grounds for termination of the contract for default.

5. PAYMENT – Contractor agrees to a fixed \_\_\_\_% premium return of sweet/sour crude oil in addition to actual crude oil received from the SPR. The premium percentage will be applied to the actual delivered barrels to the contractor but in no case will the premium owed be less than \_\_\_\_\_ bbls. All sweet/sour crude oil returned to the SPR must meet the specifications in Attachment A. The Contractor must return to the designated SPR site at least 90% of the actual crude oil volume received plus the calculated premium.

6. GOVERNMENT NON-LIABILITY/ CONTRACTOR LIABILITY – Contractor covenants that it will defend, indemnify and save and hold harmless the Government, its officers, agents, and employees for and from any and all liability or claims for damages to property or injuries to or death of persons which may arise from or be incident to the use of the exchange oil, or for damages to the property or injuries to the person of Contractor (if an individual), or damages to the property or

injuries to or death of the person of Contractor's officers, agents, servants, employees, or others who may be on said premises at their invitation or the invitation of any one of them, arising from exchange activities.

Contractor further covenants that any property of the Government lost, damaged or destroyed incident to Contractor's use of the exchange oil shall be promptly replaced by Contractor to the satisfaction of the Contracting Officer, or in lieu of such replacement Contractor shall, if so required by the said officer, pay to the Government money in an amount sufficient to compensate for the loss sustained by the Government by reason loss, damage or destruction of the property.

7. NOTICES – No notice, order, direction, determination, requirement, consent, or approval under this Exchange Agreement shall be of any effect unless in writing. All notices required under this Exchange Agreement shall be addressed to Contractor, or to the Contracting Officer, as may be appropriate.

8. COMMUNICATIONS – Notices and other communications provided for herein shall be in writing and shall be delivered or mailed as follows:

**Select applicable contact from Attachment II**

9. EXAMINATION OF RECORDS BY THE GOVERNMENT – Contractor agrees that the Government or any of its duly authorized representatives shall, until the expiration of three years after final payment under this agreement, have access to and the right to examine any books, documents, paper, and records of the Contractor involving transactions related to this agreement or compliance with any clauses thereunder.

10. CHANGES – The Contracting Officer may, at any time, without notice to the Letter of Credit guarantee(s), by written order designated or indicated to be a change order, or verbal direction followed by written order, make changes within the terms and conditions of the contract, including but not limited to the following changes-

- a. In the volume to be delivered to the contractor or returned to the SPR.
- b. To the delivery period for issuance of SPR crude oil or for return of barrels back to the SPR.
- c. In the type of crude oil to be returned to the SPR.
- d. To delivery mode of crude oil coming out of the SPR or return oil.
- e. In the delivery point(s) of return oil to the SPR.

Any other written or oral order (which, as used in this paragraph, includes direction, instruction, interpretation, or determination) from the Contracting Officer that causes a change shall be treated as a change order under this provision; Provided, that the Contractor gives the Contracting Officer written notice stating –

- a. The date, circumstances, and source of the order, and

- b. That the Contractor regards the order as a change order.

If any change under this provision causes an increase or decrease in the Contractor's cost of, or the time required for, the performance of any part of the performance under this contract, whether or not changed by any such order, the Contracting Officer shall make an equitable adjustment and modify the contract in writing.

The contractor must assert its right to an adjustment under this provision within 30 calendar days after notification of the change.

11. NATIONAL AND OPERATIONAL EMERGENCIES – Return oil deliveries to the DOE may be rescheduled or redirected upon the determination of a national or DOE operational emergency. A negotiated adjustment to the contract will be made as a result of this direction. However, should the parties fail to reach a settlement, the Government shall establish an equitable adjustment subject to the Provision entitled “Disputes.”

12. DEFAULT –

a. The Government may, by written notice of default to the Customer, terminate this contract in whole or in part if the Contractor fails to -

- (1) Receive SPR crude oil within the time specified in this contract or any extension;
- (2) Make progress in scheduling of contracted deliveries, so as to endanger performance of this contract; or
- (3) Perform any of the other provisions of this contract.

b. The rights and remedies of the Government in this clause are in addition to any other rights and remedies provided by law or under this contract.

13. TERMINATION FOR THE CONVENIENCE OF THE GOVERNMENT – The Contracting Officer, by written notice, may terminate this contract, in whole or in part, when it is in the Government's interest. If this contract is terminated, the Government shall be liable only for reasonable, customary and applicable costs incurred by the Customer before the effective date of termination, but shall not be liable for consequential damages or the contractor's lost profits.

14. EXCUSABLE DELAYS

a. In the event either party should be prevented from performing under this contract by reason of any unforeseeable cause beyond its control and without its fault or negligence, including, but not restricted to, acts of God or of the public enemy, sovereign acts of the United States, acts of a foreign Government, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes and unusually severe weather, performance under the contract shall be suspended in whole or in part until such cause ceases to exist and thereafter the time for fulfillment of the contract shall be extended by the length of time during which such cause prevented performance under the contract.

b. In order for this provision to become operative, the party to the contract affected by the excusable delay condition shall furnish the other party with written notice of the nature and extent of the excusable delay condition promptly after the commencement thereof, but in any event prior to shipment of the crude oil from the location from which it is to be shipped. Written notice shall be furnished within ten (10) calendar days to the other party when the excusable delay condition ceases to exist.

15. FORCE MAJEURE – Force Majeure means, except for payment due hereunder, either party hereto shall be relieved from liability for failure to perform hereunder for the duration and to the extent such failure is occasioned by war, riots, insurrections, fire, explosions, sabotage, strikes, and other labor or industrial disturbances, acts of God or the elements, disruption or breakdown of production or transportation facilities, or delays of pipeline carrier in receiving and delivering crude oil tendered. Any such failures to perform shall be remedied with all reasonable dispatch.

As employed herein, the term “party”, as it relates to the Contractor, shall not include affiliated business concerns or individuals if, directly or indirectly, (1) either one controls or can control the other, or (2) a third party controls or can control both.

16. DISPUTES –

a. This contract is subject to the Contract Disputes Act of 1978, as amended (41 U.S.C. Section 601 et seq.). If a dispute arises relating to the contract, the Customer may submit a claim to the Contracting Officer, who shall issue a written decision on the dispute in the manner specified in 48 CFR 1-33.211.

b. “Claim” means:

- (1) A written request submitted to the Contracting Officer;
- (2) For payment of money, adjustment of contract terms, or other relief;
- (3) Which is in dispute or remains unresolved after a reasonable time for its review and disposition by the Government; and
- (4) For which a Contracting Officer’s decision is demanded.

c. In the case of dispute requests or amendments to such requests for payment exceeding \$100,000, the Customer shall certify at the time of submission as a claim, as follows:

I certify that the claim is made in good faith, that the supporting data are current, accurate and complete to the best of my knowledge and belief and that the amount requested accurately reflects the contract adjustment for which the Customer believes the Government is liable.

Customer’s Name \_\_\_\_\_  
Signature \_\_\_\_\_  
Title \_\_\_\_\_

d. The Government shall pay to the Customer interest on the amount found due to the Customer on claims submitted under this provision at the rate established by the Department of the Treasury from the date the amount is due until the Government makes payment. The Contract Disputes Act of 1978, as amended, and the Prompt Payment Act adopt the interest rate established by the Secretary of the Treasury under the Renegotiation Act as the basis for computing interest on money owed by the Government. This rate is published semi-annually in the Federal Register.

e. The Customer shall pay to the Government interest on the amount found due to the Government and unpaid on claims submitted under this provision at the rate specified in Paragraph d. above from the date the amount is due until the Customer makes payment.

f. The decision of the Contracting Officer shall be final and conclusive and shall not be subject to review by any forum, tribunal, or Government agency unless an appeal or action is commenced within the times specified by the Contract Disputes Act of 1978, as amended.

g. The Customer shall comply with any decision of the Contracting Officer and at the direction of the Contracting Officer shall proceed diligently with performance of this contract pending final resolution of any request for relief, claim, appeal, or action related to this contract.

17. OIL QUALITY – The Contractor shall be responsible for variations in oil quality exceeding the limits set forth below upon the return of the oil to the Government. The reference basis shall be the weighted average sweet or sour results of the laboratory tests conducted by the Government for API gravity and Sulfur weight percent taken when custody originally passed to the Contractor.

	<u>Sweet</u>	<u>Sour</u>
Gravity - API°	-0.5	-0.5
Sulfur – Wt. %	+0.10	+0.20

Quality Adjustment: Where applicable, the price to be paid by the contractor at the following rates:

API Gravity (Sweet): Adjustment for sweet crude oil is 2 cents per barrel (2¢/bbl) per each whole degree (1.0°) decrease in API Gravity or part thereof, when the limits set forth on the table shown above are exceeded. Specifically, computed API Gravity excess variances for each cargo, reported in API Gravity 0.1° increments, shall be rounded up to the next whole 1.0° API Gravity for quality adjustment purposes. E.g., a computed sweet crude excess variance of API Gravity 2.2° decrease would be rounded to 3.0°, and the adjustment due DOE would be 6¢ per barrel [2¢/bbl x 3.0°]

API Gravity (Sour): Adjustment for sour crude oil is 1.5 cents per barrel (1.5¢/bbl) for each 1/10<sup>th</sup> degree (0.1°) decrease in API Gravity by which the allowable variation set forth above is exceeded for each cargo.

Total Sulfur (Sweet/Sour): 1.0 cents per barrel (1.0¢/bbl) for each 1/100<sup>th</sup> percent (0.01%) increase in total sulfur when the limits set forth on the table shown above are exceeded for each cargo.

If the exchange oil delivered to the DOE falls below the minimum specification for API Gravity, or above the maximum specification for sulfur, as defined in Attachment A, a quality differential adjustment will be applied, in accordance with this section, without a variance allowance on that portion exceeding the specification limit.

There is a limit of 0.1% freewater on delivery to the SPR as measured either by contractor's shore tank or on the vessel prior to discharge into tanks designated for DOE receipts. The inspector's gauges, witnessed by the DOE representative, either on the vessel at the dock facility or terminal shore tank, will be the method used to determine the final freewater barrel amount. This clause is effective in conjunction with the Water and Sediment [Vol.%] maximum limit of 1.0% as stated in Attachment A; e.g., a 500,000 barrel oil delivery to the SPR is limited to 1.0% S&W (5,000 barrels), of which a maximum of 0.1% (500 barrels) can be freewater. Contractor is responsible for all costs associated with removal of excess freewater. Exceeding the freewater limitations specified herein will result in the cargo being rejected.

18. SCHEDULING OF OIL MOVEMENTS – Contractor shall schedule all oil deliveries through the appropriate commercial pipeline and marine terminal facilities, ensuring that it has coordinated the deliveries with the SPR.

For marine deliveries, the Contractor shall provide a working schedule to the DOE not later than the fifteenth day of the month prior to the month in which deliveries will be made (e.g. by March 15 for April deliveries). This working schedule will contain total monthly volumes and the approximate delivery dates and quantities for each month of delivery. No later than seven business days prior to each delivery, the Contractor shall provide vessel name, vessel quality data, the expected date of arrival, the volume to be delivered, vessel agents and any other pertinent information that may be needed.

The Contractor, or its designated agent, shall provide pre-arrival notices 72 hours, 48 hours and 24 hours prior to discharge to both the DOE and the discharge terminal.

For pipeline deliveries, the Contractor shall make necessary arrangements with the commercial pipelines connected to the DOE or its interconnecting pipelines. Nomination information regarding these deliveries shall be provided to the DOE not later than five calendar days prior to the month in which deliveries will be made.

19. DELIVERY AND RECEIPT DOCUMENTATION – All quantity and quality determinations shall be documented on the Material Inspection and Receiving Report (DD Form 250). See Attachment C-1 for copy of this form. The DD Form 250 shall be signed by the Customer's agent to acknowledge delivery and receipt of the quantity and quality of crude oil indicated. Copies of the completed DD Form 250, with applicable supporting documentation (i.e., metering or tank gauging tickets and appropriate calculation worksheets), shall be furnished to the Customer and/or the Customer's authorized representative after completion of delivery or receipts. Also, marine Bills of Lading or Pipeline Statements identifying crude type shipped shall be provided by the contractor.

For SPR oil deliveries to customer's tankers at Sun or ChevronUnocal Terminal, SPR deliveries shall be documented on a Tanker/Barge Material Inspection and Receiving Report (DD Form 250-1). See Attachment C-2 for copy of this form.

The Customer shall provide written confirmation to the SPR, no later than seven calendar days prior to the scheduled date of each delivery under the contract, the name(s) of the authorized agent(s) given signature authority to sign/endorse the delivery documentation on the Customer's behalf. Any changes to this listing of names shall be provided to the SPR in writing no later than 72 hours before the first delivery to which such change applies. In the event that an independent surveyor (separate from the authorized signatory agent) is appointed by the Customer to witness the delivery operation (gauging, sampling, testing, etc.), written notification shall be provided to SPR, no later than 72 hours prior to the scheduled date of each applicable cargo delivery to or from the SPR.

Absence of the provision of the name(s) of bona fide agent(s) and the signature of such agent on the delivery documentation constitutes acceptance of the delivery quantity and quality as determined by the Government and/or its agents

20. RECONCILIATION – Within 30 days after completion of the final scheduled delivery of exchange oil under the contract, any imbalances that may exist in the crude oil volumes agreed upon in the contract will be reconciled in the following manner:

If DOE receives an amount of exchange oil that exceeds the contracted return oil delivery volume, the Government will attempt to reconcile the imbalance through cash payments or other alternate means, if available. If reconciliation is by cash payment, the Contractor shall invoice the DOE based on the cost value of the exchange oil on the date of the last delivery as annotated on the DD250.

If the Contractor delivers a total volume of return oil which is less than the contracted quantity, the DOE will invoice the Contractor for the undelivered amount based on the cost value of the exchange oil on the date of the last delivery as annotated on the DD250. If no payment is received by the due date specified on the invoice, the applicable amount owed will be drawn against the Contractor's Payment and Performance Letter of Credit as described in Provision 4 of this contract.

Note: The cost value is derived from the data published in the Platt's Oilgram Price Report. If no published prices are available, a mutually agreed upon price will be negotiated. Should the parties fail to reach a negotiated price, the Government shall determine a fair and reasonable price.

Contractor

The United States of America

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title: Contracting Officer

# ATTACHMENT A

## STRATEGIC PETROLEUM RESERVE

### CRUDE OIL SPECIFICATIONS<sup>a</sup> (SPRO 2008 MAR)<sup>ε1</sup>

<u>CHARACTERISTIC</u>	<u>SOUR<sup>b</sup></u>	<u>SWEET<sup>c</sup></u>	<u>PRIMARY ASTM TEST METHOD<sup>d</sup></u>
API Gravity [°API]	30 – 45	30 - 45	D 1298 or D 5002
Total Sulfur [Mass %], max.	1.99	0.50	D 4294
Pour Point [°C], max.	10	10	D 97
Salt Content [Mass %], max.	0.050	0.050	D 6470
Viscosity [cSt @ 15.6°C], max.	32	32	D 445
[cSt @ 37.8°C], max.	13	13	
Reid Vapor Pressure [kPa @ 37.8°C], max.	76	76	D 323 or D 5191
Total Acid Number [mg KOH/g], max.	1.00	1.00	D 664
Water and Sediment [Vol. %], max.	1.0	1.0	D 4006 or D4928, & D 473
Yields [Vol. %]			D 2892 & D 5236
Naphtha [28-191°C]	24 - 30	21 - 42	
Distillate [191-327°C]	17 - 31	19 - 45	
Gas Oil [327-566°C]	26 - 38	20 - 42	
Residuum [>566°C]	10 - 19	14 max.	

<sup>ε1</sup> This revision adds “pour point depressants” to the list of chemicals in footnote <sup>a</sup>, and adds NOTES below.

<sup>a</sup> Marketable virgin crude petroleum suitable for normal refinery processing and free of foreign contaminants or chemicals including, but not limited to, pour point depressants, chlorinated and/or oxygenated hydrocarbons, and lead.

<sup>b</sup> Crude oils that meet these sour specifications include Arabian Extra Light, Arabian Light, Bonito Sour, Eugene Island, Flotta, Forties, Isthmus, Lagomedio, Olmeca, Oman, Qatar Marine, Russian Export Blend (Urals), Tia Juana Light, and West Texas Sour.

- <sup>c</sup> Crude oils that meet these sweet specifications include Azeri, Bonny Light, Brass River, Brent, Cusiana, East Texas, Ekofisk, Escravos, Es Sider, Heavy Louisiana Sweet, Kole, Light Louisiana Sweet, Nemba, Oseberg, Qua Iboe, Saharan Blend, Santa Barbara, Statfjord, West Texas Intermediate, Zafiro, and Zarzaitine.
- <sup>d</sup> Alternate methods may be used if approved by the contracting officer.

**NOTE 1:** The Strategic Petroleum Reserve reserves the right to refuse to accept any crude oil which meets these specifications but is deemed to be incompatible with existing stocks, or which has the potential for adversely affecting handling.

**NOTE 2:** Crude oils other than those listed above may be acceptable. The acceptability of any crude oil depends upon an assay typical of current production quality of the stream.

**NOTE 3:** All crude oil shipments received by the SPR are tested to ensure they meet specifications. Should successive shipments fail to meet specifications, the stream may be deleted from the list of acceptable crude oils.

**ATTACHMENT B**

**SAMPLE – IRREVOCABLE PAYMENT AND PERFORMANCE  
STANDBY LETTER OF CREDIT**

**BANK LETTERHEAD  
IRREVOCABLE STANDBY LETTER OF CREDIT**

Date: \_\_\_\_\_

To: **U.S. Department of Energy**  
**Strategic Petroleum Reserve**  
**Planning and Financial Management Division**  
**FE-4452**  
**900 Commerce Road East**  
**New Orleans, LA 70123-3406**

AMOUNT OF LETTER OF CREDIT:

U.S.\$ \_\_\_\_\_ (\_\_\_\_\_)

CONTRACTOR: \_\_\_\_\_

CONTRACT NO: \_\_\_\_\_

LETTER OF CREDIT NO: \_\_\_\_\_

EXPIRATION DATE: \_\_\_\_\_

AMERICAN BANKERS ASSOCIATION (ABA) NO: \_\_\_\_\_

Gentlemen:

We hereby establish in the U.S. Department of Energy’s favor our irrevocable standby Letter of Credit effective immediately on the account of our customer’s above contract number with the U.S. Department of Energy for the exchange of Strategic Petroleum Reserve petroleum.

This letter of credit is available by your draft/s at sight, drawn on us and accompanied by a manually signed statement that the signer is an authorized representative of the Department of Energy, and one or both of the following statements:

- **“I hereby certify that (Contractor’s Name) has failed to deliver return exchange oil in accordance with the terms of Contract Number \_\_\_\_\_, and as a result owes the U.S. Government \$ \_\_\_\_\_ (\_\_\_\_\_).”**
- **“I hereby certify that (Contractor’s Name) has failed to make final reconciliation payment in accordance with the terms of Contract Number \_\_\_\_\_, and as a result owes the U.S. Government \$ \_\_\_\_\_ (\_\_\_\_\_).”**

Drafts must be presented for payment on or before the expiration date of this Letter of Credit at our bank. The Government may make multiple drafts against this Letter of Credit.

Upon receipt of the U.S. Department of Energy's demand by hand, mail express delivery, or other means, at our office located at \_\_\_\_\_, we will honor the demand and make payment, by 3 p.m. Eastern Time of the next business day following receipt of the demand, by either wire transfer of funds as a deposit to the account of the U.S. Treasury over the Fedwire Deposit System Network, or by electronic funds transfer through the Automated Clearing House Network, using the Federal Remittance Express Program. The information to be included in each transfer will be as provided at the time of demand by the Department of Energy.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision, International Chamber of Commerce Publication no. 500) and except as may be inconsistent therewith, to the Uniform Commercial Code in effect on the date of issuance of this Letter of Credit in the state in which the issuer's head office within the United States is located.

We hereby agree with the drawers, endorsers and bona fide holders that all drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored upon presentation and delivery of the above documents for payment at our bank on or before the expiration date.

Address all communications regarding this Letter of Credit to (name and phone number).

Very truly yours,

\_\_\_\_\_  
(Authorized Signature)

\_\_\_\_\_  
(Typed Name and Title)

# ATTACHMENT C-1 DD FORM 250

## MATERIAL INSPECTION AND RECEIVING REPORT DD Form 250, AUG 2000

<b>MATERIAL INSPECTION AND RECEIVING REPORT</b>						<i>Form Approved OMB No. 0704-0248</i>	
Public reporting burden for this collection of information is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports (0704-0248), 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0248), Washington, DC 20503. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.							
<b>PLEASE DO NOT RETURN YOUR COMPLETED FORM TO EITHER OF THESE ADDRESSES. SEND THIS FORM IN ACCORDANCE WITH THE INSTRUCTIONS CONTAINED IN THE DFARS, APPENDIX F-401.</b>							
1. PROCUREMENT INSTRUMENT IDENTIFICATION. (CONTRACT) NO.		(ORDER) NO.		6. INVOICE NO./DATE		7. PAGE   OF	8. ACCEPTANCE POINT
2. SHIPMENT NO.		3. DATE SHIPPED		4. B/L TCN	5. DISCOUNT TERMS		
9. PRIME CONTRACTOR <i>CODE</i>			10. ADMINISTERED BY <i>CODE</i>				
11. SHIPPED FROM (if other than 9) <i>CODE</i>			FOB:		12. PAYMENT WILL BE MADE BY <i>CODE</i>		
13. SHIPPED TO <i>CODE</i>			14. MARKED FOR <i>CODE</i>				
15. ITEM NO.	16. STOCK/PART NO. <i>(Indicate number of shipping containers - type of container - container number.)</i>	DESCRIPTION		17. QUANTITY SHIP / REC'D *	18. UNIT	19. UNIT PRICE	20. AMOUNT
<b>21. CONTRACT QUALITY ASSURANCE</b> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p><b>A. ORIGIN</b>  <input type="checkbox"/> CQA <input type="checkbox"/> ACCEPTANCE of listed items has been made by me or under my supervision and they conform to contract, except as noted herein or on supporting documents.</p> <p>_____ DATE      SIGNATURE OF AUTHORIZED GOVERNMENT REPRESENTATIVE</p> <p>TYPED NAME TITLE: MAILING ADDRESS:</p> <p>COMMERCIAL TELEPHONE NUMBER:</p> </div> <div style="width: 48%;"> <p><b>B. DESTINATION</b>  <input type="checkbox"/> CQA <input type="checkbox"/> ACCEPTANCE of listed items has been made by me or under my supervision and they conform to contract, except as noted herein or on supporting documents.</p> <p>_____ DATE      SIGNATURE OF AUTHORIZED GOVERNMENT REPRESENTATIVE</p> <p>TYPED NAME TITLE: MAILING ADDRESS:</p> <p>COMMERCIAL TELEPHONE NUMBER:</p> </div> </div>				<b>22. RECEIVER'S USE</b> Quantities shown in column 17 were received in apparent good condition except as noted.  _____ DATE RECEIVED      SIGNATURE OF AUTHORIZED GOVERNMENT REPRESENTATIVE  TYPED NAME: TITLE: MAILING ADDRESS:  COMMERCIAL TELEPHONE NUMBER: <i>* If quantity received by the Government is the same, as quantity shipped, indicate by ( x ) mark; if different, enter actual quantity received below quantity shipped and encircle.</i>			
<b>23. CONTRACTOR USE ONLY</b>							

**ATTACHMENT C-2  
DD FORM 250-1**

<b>TANK/BARGE MATERIAL INSPECTION AND RECEIVING REPORT</b>					FORM APPROVED OMB No. 0704-0248 Expires Dec 31, 1990	
Public reporting burden for this collection of information is estimated to average 35 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0248), Washington, DC 20503.						
PLEASE DO NOT RETURN YOUR COMPLETED FORM TO EITHER OF THESE ADDRESSES. SEND THIS FORM IN ACCORDANCE WITH THE INSTRUCTIONS CONTAINED IN THE DFARS, APPENDIX F-401.						
1. TANKER BARGE <input type="checkbox"/> LOADING REPORT <input checked="" type="checkbox"/> DISCHARGE REPORT		2. INSPECTION OFFICE		3. REPORT NUMBER		
4. AGENCY PLACING ORDER ON SHIPPER, CITY, STATE AND/OR LOCAL ADDRESS (Loading)				5. DEPARTMENT		6. PRIME CONTRACT OR P.O. NUMBER
7. NAME OF PRIME CONTRACTOR, CITY, STATE AND/OR LOCAL ADDRESS (Loading)					8. STORAGE CONTRACT	
9. TERMINAL OR REFINERY SHIPPED FROM, CITY, STATE AND/OR LOCAL ADDRESS (Loading)					10. ORDER NUMBER OR SUPPLIER	
11 SHIPPED TO (Receiving, Activity, City, State and/or Local Address)					12. B/L NUMBER	
					13. REGN. OR REQUEST NO.	14. CARGO NUMBER
16. VESSEL		16. DRAFT ARRIVAL FORE                      AFT		17. DRAFT SAILING FORE                      AFT		
18. PREVIOUS TWO CARGOES FIRST                      LAST		19. PRIOR INSPECTION				
20. CONDITION OF SHORE PIPELINE		21. APPROPRIATION (Loading)			22. CONTRACT ITEM NO. N/A	
23. PRODUCT		24. SPECIFICATIONS N/A				
25. STATEMENT OF QUANTITY		LOADED	DISCHARGED	LOSS/GAIN	PER CENT	
BARRELS (42 Gals/Net) NSV						
GALLONS (Net)						
<del>TONS (Long) Barrels GSV</del>						
26. STATEMENT OF QUALITY						
TEST RESULTS		VESSEL COMPOSITE		TEST RESULTS		THIRD PARTY INSPECTOR VESSEL COMPOSITE
API GRAVITY						
BS&W						
S&W						
SULFUR (WT%)						
RVP						
VISC @ 60 DEG. F (CST)						
VISC @ 100 DEG. F. (CST)						
SALT						
POUR						
TAN						
27. TIME STATEMENT		DATE	TIME	28. REMARKS (Note in detail cause of delays such as repairs, breakdowns, slow operations, stoppage, etc.)		
NOTICE OF READINESS TO LOAD DISCHARGE						
VESSEL ARRIVED IN ROADS						
MOORED ALONGSIDE						
STARTED BALLAST DISCHARGE						
FINISHED BALLAST DISCHARGE						
INSPECTED AND READY TO LOAD DISCHARGE						
CARGO HOSES CONNECTED						
COMMENCED LOADING DISCHARGE						
STOPPED LOADING DISCHARGING						
RESUMED LOADING DISCHARGING						
FINISHED LOADING DISCHARGING						
CARGO HOSES REMOVED						
VESSEL RELEASED BY INSPECTOR						
COMMENCED BUNKERING						
FINISHED BUNKERING						
29. COMPANY OR RECEIVING TERMINAL		(Signature)				
VESSEL LEFT BIRTH (Actual/Estimated)						
30. I CERTIFY THAT THE CARGO WAS INSPECTED, ACCEPTED AND LOADED/ DISCHARGED AS INDICATED HEREON.			31. I HEREBY CERTIFY THAT THIS TIME STATEMENT IS CORRECT.			
(Date)		(Signature of Authorized Government Representative)		(Master or Agent)		

## ATTACHMENT I

### 1. CUSTODY TRANSFER of SPR Oil to Contractor:

#### [Bayou Choctaw to Redstick]

CUSTODY TRANSFER - The Contractor is responsible for all costs associated with the receipt of SPR Bayou Choctaw crude oil from the DOE Bayou Choctaw site. Custody transfer quantity and quality measurements will be the Bayou Choctaw site meters and sampler for deliveries into the Shell Red Stick pipeline. The API Gravity, Sediment and Water, and Sulfur content will be performed by the Bayou Choctaw site lab. Contractor shall have the right to have a representative present to witness all sampling, measurements and testing analysis.

#### [Bayou Choctaw to Shell Sugarland St James Terminal]

CUSTODY TRANSFER – The Contractor is responsible for all costs associated with the receipt of SPR Bayou Choctaw crude oil from the Shell Redstick Pipeline at Shell Sugarland St James Terminal. Custody transfer quantity and quality measurements will be the Shell Sugarland St James Terminal meters and sampler for deliveries into the Shell Sugarland St James Terminal. The API Gravity, Sediment and Water, and Sulfur content will be performed by the DOE M&O contracted third party inspector lab. Contractor shall have the right to have a representative present to witness all sampling, measurements and testing analysis.

#### [Bryan Mound to Seaway Freeport Terminal #2]

CUSTODY TRANSFER – The Contractor is responsible for all costs associated with the receipt of SPR Bryan Mound crude oil from the Seaway Freeport Terminal. Custody transfer quantity and quality measurements will be the Seaway Freeport Terminal meters and sampler for deliveries into the contractor's vessel. The API Gravity, Sediment and Water, and Sulfur content will be performed by the DOE M&O contracted third party inspector lab. Contractor shall have the right to have a representative present to witness all sampling, measurements and testing analysis.

#### [Bryan Mound to Seaway Texas City Terminal] (via ExMo leased DOE pipeline)

CUSTODY TRANSFER – The Contractor is responsible for all costs associated with the receipt of SPR Bryan Mound crude oil from the DOE Bryan Mound site. Custody transfer quantity and quality measurements will be the Bryan Mound site meters and sampler for deliveries into the ExxonMobil 40" pipeline connecting to Seaway Texas City Terminal. The API Gravity, Sediment and Water, and Sulfur content will be performed by the Bryan Mound site lab. Contractor shall have the right to have a representative present to witness all sampling, measurements and testing analysis.

#### [Bryan Mound to Seaway Jones Creek Terminal] (via ExMo leased DOE pipeline)

CUSTODY TRANSFER – The Contractor is responsible for all costs associated with the receipt of SPR Bryan Mound crude oil from the DOE Bryan Mound site. Custody transfer quantity and quality measurements will be the Bryan Mound site meters and sampler for deliveries into the ExxonMobil 30" pipeline connecting to Seaway Jones Creek Terminal. The API Gravity, Sediment and Water, and Sulfur content will be performed by the Bryan Mound site lab. Contractor shall have the right to have a representative present to witness all sampling, measurements and testing analysis.

#### [Big Hill to Sun Tanks]

CUSTODY TRANSFER – The Contractor is responsible for all costs associated with the receipt of SPR Big Hill crude oil from the DOE Big Hill site. Custody transfer quantity and quality measurements will be the DOE meter skid and sampler located in Sun Marine Terminal. The API Gravity, Sediment and Water, and Sulfur content will be performed by the DOE Big Hill site laboratory and witnessed by the DOE M&O contracted third party inspector. Contractor shall have the right to have a representative present to witness all sampling, measurements and testing analysis.

#### [Big Hill to ChevronUnocal]

CUSTODY TRANSFER – The Contractor is responsible for all costs associated with the receipt of SPR Big Hill crude oil from the DOE Big Hill site. Custody transfer quantity and quality measurements will be the ChevronUnocal Terminal receipt shore tank gauges and tank composite sample. The API Gravity, Sediment and Water, and Sulfur content will be performed by the DOE M&O contracted third party inspector lab. Contractor shall have the right to have a representative present to witness all sampling, measurements and testing analysis.

#### [Big Hill to Shell 20" pipeline]

CUSTODY TRANSFER – The Contractor is responsible for all costs associated with the receipt of SPR Big Hill crude oil from the DOE Big Hill site. Custody transfer quantity measurements will be the DOE Big Hill site meters. Custody transfer quality measurements (API Gravity, Sulfur, and

Sediment and Water) shall be and the DOE Big Hill site sampler for the oil that passes through the DOE Big Hill pipeline tie-in connection into the **Shell 20" pipeline**. The API Gravity, Sediment and Water, and Sulfur content will be performed by the DOE Big Hill site laboratory and witnessed by the **DOE M&O contracted third party inspector**. Contractor shall have the right to have a representative present to witness all sampling, measurements and testing analysis.

#### **[West Hackberry to Sun Tanks]**

**CUSTODY TRANSFER** – The Contractor is responsible for all costs associated with the receipt of SPR **West Hackberry crude oil** from the **DOE West Hackberry site**. Custody transfer quantity and quality measurements will be the DOE meter skid and sampler located in **Sun Marine Terminal**. The API Gravity, Sediment and Water, and Sulfur content will be performed by the DOE Big Hill site laboratory and witnessed by the **DOE M&O contracted third party inspector**. Contractor shall have the right to have a representative present to witness all sampling, measurements and testing analysis.

#### **[West Hackberry thru LCMS to Shell 22" Pipeline]**

**CUSTODY TRANSFER** – The Contractor is responsible for all costs associated with the receipt of SPR **West Hackberry crude oil** from the **DOE Lake Charles Meter Station (Shell 22")**. Custody transfer quantity and quality measurements will be the **DOE LCMS meters and in-line sampler for deliveries into the Shell 22" pipeline**. The API Gravity, Sediment and Water, and Sulfur content will be performed by the **West Hackberry site lab**. Contractor shall have the right to have a representative present to witness all sampling, measurements and testing analysis.

## **2. CUSTODY TRANSFER of Return Oil to SPR:**

#### **[Return from Redstick to Bayou Choctaw]**

Return of oil to the SPR will be **sweet/sour** crudes meeting the specifications of Attachment A. The Government has the right to reject deliveries of crude oil which does not meet the SPR minimum quality specifications as detailed in Attachment A. Crude oil shipments containing greater than 1% water will be rejected. Custody transfer quantity and quality measurements for the return of oil to the SPR shall be based on the **Bayou Choctaw site meters and sampler for the return deliveries from the Shell Redstick pipeline**. The API Gravity, Sediment and Water, and Sulfur content will be performed by the **Bayou Choctaw site lab**. Contractor shall have the right to have a representative present to witness all sampling, measurements and testing analysis.

#### **[Return from Shell Sugarland St James Terminal to Bayou Choctaw]**

Return of oil to the SPR will be **sweet/sour** crudes meeting the specifications of Attachment A. The Government has the right to reject deliveries of crude oil which does not meet the SPR minimum quality specifications as detailed in Attachment A. Crude oil shipments containing greater than 1% water will be rejected. Custody transfer quantity and quality measurements for the return of oil to the SPR shall be based on the **Shell Sugarland St James Terminal meters and sampler for the return deliveries from the Shell Sugarland St James Terminal into the Shell Redstick pipeline**. The API Gravity, Sediment and Water, and Sulfur content will be performed by the **DOE M&O contracted third party inspector lab**. Contractor shall have the right to have a representative present to witness all sampling, measurements and testing analysis.

#### **[Return from Seaway Freeport Terminal #2 to Bryan Mound]**

Return of oil to the SPR will be **sweet/sour** crudes meeting the specifications of Attachment A. The Government has the right to reject deliveries of crude oil which does not meet the SPR minimum quality specifications as detailed in Attachment A. Crude oil shipments containing greater than 1% water will be rejected. Custody transfer quantity and quality measurements for the return of oil to the SPR shall be based on the **Seaway Freeport Terminal #2 dock meters and sampler for deliveries from the Seaway Freeport Terminal#2 to Bryan Mound**. DD250 Quantity volumes shall be based on the physical thru-put barrels measured at the Dock Meter, only while oil is being delivered to the Bryan Mound site. Vessel deliveries through Seaway (DOE) Freeport terminal #2 must displace an initial linefill of approximately 3,000 barrels prior to delivery to the BM site. These initial linefill barrels will be excluded from the DD250. After completion of the tanker discharge, the remaining 3,000 barrels in the terminal line will be displaced to the Bryan Mound site by the following vessel at the terminal, with these barrels being included on the DD250. Only those barrels metered by the Seaway Freeport terminal #2 dock meters and delivered to the Bryan Mound site shall be used for the custody volume on the DD250 delivery document. Notwithstanding the Provision #2, the Contractor is responsible for terminal throughput charges for oil deliveries performed under these conditions. The API Gravity, Sediment and Water, and Sulfur content will be performed by the **DOE M&O contracted third party inspector lab**. Contractor shall have the right to have a representative present to witness all sampling, measurements and testing analysis.

**[Return from Seaway Texas City Terminal to Bryan Mound] (via ExMo leased DOE pipeline)**

Return of oil to the SPR will be **sweet/sour** crudes meeting the specifications of Attachment A. The Government has the right to reject deliveries of crude oil which does not meet the SPR minimum quality specifications as detailed in Attachment A. Crude oil shipments containing greater than 1% water will be rejected. Custody transfer quantity and quality measurements for the return of oil to the SPR shall be based on the **Bryan Mound site meters and sampler for deliveries from the ExxonMobil 40" pipeline**. The API Gravity, Sediment and Water, and Sulfur content will be performed by the **Bryan Mound site lab**. Contractor shall have the right to have a representative present to witness all sampling, measurements and testing analysis.

**[Return from Seaway Jones Creek Terminal to Bryan Mound] (via ExMo leased DOE pipeline)**

Return of oil to the SPR will be **sweet/sour** crudes meeting the specifications of Attachment A. The Government has the right to reject deliveries of crude oil which does not meet the SPR minimum quality specifications as detailed in Attachment A. Crude oil shipments containing greater than 1% water will be rejected. Custody transfer quantity and quality measurements for the return of oil to the SPR shall be based on the **Bryan Mound site meters and sampler for deliveries from the ExxonMobil 30" pipeline**. The API Gravity, Sediment and Water, and Sulfur content will be performed by the **Bryan Mound site lab**. Contractor shall have the right to have a representative present to witness all sampling, measurements and testing analysis.

**[Sun Tank to Big Hill]**

Return of oil to the SPR will be **sweet/sour** crudes meeting the specifications of Attachment A. The Government has the right to reject deliveries of crude oil which does not meet the SPR minimum quality specifications as detailed in Attachment A. Crude oil shipments containing greater than 1% water will be rejected. The Contractor is responsible for all costs associated with the return of crude oil to the SPR **Big Hill site** from the **Sun Marine Terminal**. Custody transfer quantity and quality measurements will be the DOE meter skid and sampler located in **Sun Marine Terminal**. The API Gravity, Sediment and Water, and Sulfur content will be performed by the DOE Big Hill site laboratory and witnessed by the **DOE M&O contracted third party inspector**. Contractor shall have the right to have a representative present to witness all sampling, measurements and testing analysis.

**[ChevronUnocal Tanks to Big Hill]**

Return of oil to the SPR will be **sweet/sour** crudes meeting the specifications of Attachment A. The Government has the right to reject deliveries of crude oil which does not meet the SPR minimum quality specifications as detailed in Attachment A. Crude oil shipments containing greater than 1% water will be rejected. The Contractor is responsible for all costs associated with the return of crude oil to the SPR **Big Hill site** from the **ChevronUnocal Terminal**. Custody transfer quantity and quality measurements will be the **Unocal delivery shore tank gauges and tank composite sample for deliveries into the Big Hill pipeline**. The API Gravity, Sediment and Water, and Sulfur content will be performed by the **DOE M&O contracted third party inspector lab**. Contractor shall have the right to have a representative present to witness all sampling, measurements and testing analysis.

**[Shell 20" Pipeline to Big Hill]**

Return of oil to the SPR will be **sweet/sour** crudes meeting the specifications of Attachment A. The Government has the right to reject deliveries of crude oil which does not meet the SPR minimum quality specifications as detailed in Attachment A. Crude oil shipments containing greater than 1% water will be rejected. The Contractor is responsible for all costs associated with the return of crude oil to the SPR **Big Hill site oil** from the **Shell 20" pipeline**. Custody transfer quantity measurements will be based on the DOE Big Hill site meters for deliveries into the Big Hill pipeline. Custody transfer quality measurements (API Gravity, Sulfur, and Sediment and Water) shall be based on the **Shell 20" pipeline designated meter/sampler station for deliveries into the DOE Big Hill pipeline**. The API Gravity, Sediment and Water, and Sulfur content will be performed by the Big Hill site laboratory and witnessed by the **DOE M&O contracted third party inspector**. Contractor shall have the right to have a representative present to witness all sampling, measurements and testing analysis.

**[Sun Tanks to West Hackberry]**

**CUSTODY TRANSFER** – Return of oil to the SPR will be **sweet/sour** crudes meeting the specifications of Attachment A. The Government has the right to reject deliveries of crude oil which does not meet the SPR minimum quality specifications as detailed in Attachment A. Crude oil shipments containing greater than 1% water will be rejected. The Contractor is responsible for all costs associated with the return of crude oil to the SPR **West Hackberry site** from the **Sun Marine Terminal tanks**. Custody transfer quantity and quality measurements will be the DOE meter skid and sampler located in **Sun Marine Terminal deliveries into the West Hackberry pipeline**. The API Gravity, Sediment and Water, and Sulfur content will be performed by the DOE Big Hill laboratory and witnessed by the **DOE M&O contracted third party inspector**. Contractor shall have the right to have a representative present to witness all sampling, measurements and testing analysis.

**[Shell 22” Pipeline to DOE LCMS (WH oil)]**

**CUSTODY TRANSFER** – Return of oil to the SPR will be **sweet/sour** crudes meeting the specifications of Attachment A. The Government has the right to reject deliveries of crude oil which does not meet the SPR minimum quality specifications as detailed in Attachment A. Crude oil shipments containing greater than 1% water will be rejected. The Contractor is responsible for all costs associated with the return of crude oil to the SPR **West Hackberry site** from the **DOE Lake Charles Meter Station connection to the Shell 22” pipeline**. Custody transfer quantity and quality measurements will be the **DOE LCMS site meters and sampler for deliveries into the DOE LCMS**. The API Gravity, Sediment and Water, and Sulfur content will be performed by the **West Hackberry site lab**. Contractor shall have the right to have a representative present to witness all sampling, measurements and testing analysis.

ATTACHMENT II

8. CONTACTS –

Contractor shall notify [Mr. Roger Marcantel, West Hackberry Site Manager at \(337\) 558-3210, West Hackberry Site, 1450 Black Lake Road, Hackberry, LA 70560](#) for coordination of pipeline schedules and operations as well as Chuck Costanza at (504) 734-4733. Contractual issues shall be addressed with the Department of Energy’s Contracting Officer, \_\_\_\_\_, at (504) 734-4\_\_\_\_.

Contractor shall notify [Mr. Richard McCalla, Bryan Mound Site Manager at \(979\) 230-2210, Bryan Mound Site, 242 County Road, Freeport, TX 77541](#) for coordination of pipeline schedules and operations as well as Chuck Costanza at (504) 734-4733. Contractual issues shall be addressed with the Department of Energy’s Contracting Officer, \_\_\_\_\_, at (504) 734-4\_\_\_\_.

Contractor shall notify [Mr. Tim Lewis, Big Hill Site Manager at \(409\) 981-8210, Big Hill Site, 24784 Big Hill Road, Winnie, TX 77665](#) for coordination of pipeline schedules and operations as well as Chuck Costanza at (504) 734-4733. Contractual issues shall be addressed with the Department of Energy’s Contracting Officer, \_\_\_\_\_, at (504) 734-4\_\_\_\_.

Contractor shall notify [Mr. Scott Landry, Bayou Choctaw Site Manager at \(225\) 692-6210, Bayou Choctaw Site, Hwy. 1148 \(Off LA1\), Plaquemine, LA 70764](#) for coordination of pipeline schedules and operations as well as Chuck Costanza at (504) 734-4733. Contractual issues shall be addressed with the Department of Energy’s Contracting Officer, \_\_\_\_\_, at (504) 734-4\_\_\_\_.