

**DEPARTMENT OF ENERGY**  
**STRATEGIC PETROLEUM RESERVE**  
**PROJECT MANAGEMENT OFFICE**



**AWARD FEE BOARD REPORT**  
**FOR**  
**FLUOR FEDERAL PETROLEUM OPERATIONS, LLC**  
**CONTRACT NUMBER DE-FE00011020**  
**FOR THE PERIOD**  
**October 1, 2022, through**  
**September 30, 2023**

**INTRODUCTION:**

This is the 12-month performance fee recommendation for Fluor Federal Petroleum Operations, LLC (FFPO) under Management and Operating (M&O) Contract Number DE-FE00011020. The evaluation period covered is October 1, 2022, through September 30, 2023. This report addresses FFPO's performance against the objective performance measures and the subjective fee criteria, for both Facilities and Life Extension 2 (LE2), which represent the essential indicators of success for the Strategic Petroleum Reserve (SPR) mission.

The SPR performance fee evaluation process is governed by provisions contained in the annual Performance Evaluation and Measurement Plan (PEMP) and the SPR Performance Measurement Order. The process is managed by an Award Fee Board (AFB), consisting of SPR Project Management Office senior managers and a senior Program Office representative. In addition, the performance evaluation process is validated through surveillances conducted by the SPR's Quality and Performance Assurance Division (QPAD).

Most measures are based on annual performance goals; hence, most measures are evaluated at the close of the fiscal year (FY). However, some measures are completed during the fiscal year and are evaluated at the time of completion. This report will address the results of all FY 2023 objective and subjective fee evaluation areas for both Facilities and LE2.

**PERFORMANCE FEE SUMMARY:**

The AFB reviewed the quarterly Performance Evaluation Reports (PERs), other performance-based documentation, as well as the contractor's self-assessments. The AFB recommends a fee of \$10,389,622 from a pool of \$11,212,700. Monthly provisional payments totaling \$4,461,016 were released against the FY 2023 performance fee. This leaves a balance of earned fee totaling \$5,928,605 available for payment. Please refer to Appendix I for an itemized breakdown of fee earned for FY2023.

Note: This amount may be adjusted based upon performance concerns at the discretion of the Fee Determining Official (FDO).

**PERFORMANCE RESULTS:**

The measures are divided into a fee pool for Facilities and a fee pool for LE2. Each fee pool is further divided into two categories: Objective Fee Criteria and Subjective Fee Criteria. A fee allocation is assigned to each objective fee, and each of the subjective fee areas. Notwithstanding the contractor's success in achieving the targets assigned to each evaluation measure (objective or subjective), the final determination of fee will consider

the extent to which material performance deficiencies (if any) occurred in any area of contract performance.

### **FACILITIES RESULTS SUMMARY**

Objective measure results are summarized below:

- 90 Day Drawdown Rate – The contractor met the target.
- Maintenance Performance Appraisal Rating – The contractor met the stretch target.
- Cavern Workovers – The contractor met the stretch target.
- Uncosted Balance – The contractor met the stretch target.
- Reliability Availability Maintainability – The contractor met the stretch target.
- Annual Operating Plan – The contractor met the stretch target.
- Master Project Milestone Schedule – The contractor met the stretch target.
- Effective Delivery and Receipt External Crude Oil Movements – The contractor met the target.
- Major Maintenance (MM) Cost Performance – The contractor met the stretch target.
- Major Maintenance Accuracy of Government vs. Award Value – The contractor met the stretch target.
- Reportable Spills – The contractor met the stretch target.
- SEOD Repeat Findings – The contractor met the stretch target.
- Internal Audit (IA) Audit Plan – The contractor met the stretch target.
- Emergency Management – The contractor met the target.

For a complete discussion of performance information and calculations supporting the above ratings, please refer to the 4QFY2023 Facilities Performance Evaluation Report. For an itemized breakdown of fee earned, please refer to Appendix I Table 1 of this report.

Note: DOE is pleased to acknowledge that the contractor has earned 100% of the fee allocated to objective facilities measures in this PEMP cycle. This represents outstanding effort.

### **FACILITIES SUBJECTIVE FEE SUMMARY**

Objective measure results are summarized below:

- QPAD 2023-1 (Quality Trending) – The contractor achieved excellent performance. The fee modifier was 1.00.
- ESHD 2023-1 (Training Program Effectiveness) - The contractor achieved excellent performance. The fee modifier was 1.00.
- SEOD 2023-1 (Preparedness Readiness Program) - The contractor achieved excellent performance. The fee modifier was 0.91.
- SEOD 2023-2 (Security Self Assessments) - The contractor achieved satisfactory performance. The fee modifier was 0.50.
- SOMD 2023-1 (Site Management and Preservation) - The contractor achieved excellent performance. The fee modifier was 0.95.
- CODDRCI 2023-1 (Preparedness Readiness Program) - The contractor achieved good performance. The fee modifier was 0.72.
- PED 2023-1 (Descriptions of Work) - The contractor achieved excellent performance. The fee modifier was 1.00.
- A&SD 2023-1 (Site Management and Preservation) - The contractor achieved satisfactory performance. The fee modifier was 0.49.

For a complete discussion of performance information and calculations supporting the above ratings, please refer to the 4QFY2023 Facilities Performance Evaluation Report. For an itemized breakdown of fee earned, please refer to Appendix I Table 2 of this report.

### **LE2 OBJECTIVE FEE SUMMARY**

Objective measure results are summarized below:

- Safety Leadership – The contractor met the stretch target.

- Leadership Excellence – The contractor met the stretch target.
- First Time Quality – The contractor met the stretch target.
- Environmental Stewardship – The contractor met the stretch target.
- Cost Control for Construction Subcontracts Cost Management – The contractor met the stretch target.
- Cost Control for Government Furnished Property Cost Management – The contractor has met the stretch target.
- Schedule Adherence – Construction Support – The contractor met the stretch target.
- Milestone Project Milestone Schedule Adherence – The contractor has met the target.

For a complete discussion of performance information and calculations supporting the above ratings, please refer to the 4QFY2023 LE2 Performance Evaluation Report. For an itemized breakdown of fee earned, please refer to Appendix I Table 3 of this report.

### **LE2 SUBJECTIVE FEE SUMMARY**

Subjective measure results are summarized below:

- LE2 2023-1 (Management of the LE2 Project) – The contractor achieved excellent performance. The fee modifier was 0.96.
- LE2 2023-2 (LE2 Quality Program) - The contractor achieved excellent performance. The fee modifier was 0.98.
- LE2 2023-3 (LE2 Health and Safety Program) - The contractor achieved very good performance. The fee modifier was 0.76.
- LE2 2023-4 (Accuracy and Completeness of M&O Contractor Initiated Solicitations) - The contractor achieved very good performance. The fee modifier was 0.89.
- AS&D 2023-5 (Procurement) - The contractor achieved satisfactory performance. The fee modifier was 0.49.

For a complete discussion of performance information and calculations supporting the above ratings, please refer to the 4QFY2023 LE2 Performance Evaluation Report. For an itemized breakdown of fee earned, please refer to Appendix I Table 4 of this report.

**CONCLUSION:**

Based on the foregoing discussion, the AFB recommends that FFPO be awarded a performance fee of \$10,389,622 from a pool of \$11,212,700 available fee for FY 2023. When considering the monthly provisional payments totaling \$4,461,016, this leaves a balance of earned fee totaling \$5,928,605 available for payment.

## **Appendix I, Itemized Fee Calculations**

Table 1: Facilities Objective Measures Fee Calculations

Facilities Objective Measures					
Measure	Performance Rating	Percent Allocation	Max Fee	Fee Earned	Fee Unearned
90-day drawdown	Target	10.0%	\$614,311	\$614,311	\$0
MPAR	Stretch Target	10.0%	\$614,311	\$614,311	\$0
Workovers	Stretch Target	13.0%	\$798,604	\$798,604	\$0
Uncosted Balance	Stretch Target	5.0%	\$307,155	\$307,155	\$0
Reliability Availability Maintainability (RAM)	Stretch Target	4.0%	\$245,724	\$245,724	\$0
Annual Operating Plan (AOP)	Stretch Target	4.0%	\$245,724	\$245,724	\$0
Master Project Milestone Schedule	Stretch Target	3.0%	\$184,293	\$184,293	\$0
Effective Delivery and Receipt External Crude Oil Movements	Target	10.0%	\$614,311	\$614,311	\$0
Major Maintenance (MM) Cost Performance	Stretch Target	3.0%	\$184,293	\$184,293	\$0
Major Maintenance Accuracy of Government vs. Award Value	Stretch Target	3.0%	\$184,293	\$184,293	\$0
Reportable Spills	Stretch Target	3.0%	\$184,293	\$184,293	\$0
SEOD Repeat Findings	Stretch Target	2.0%	\$122,862	\$122,862	\$0
Internal Audit (IA) Audit Plan	Stretch Target	3.0%	\$184,293	\$184,293	\$0
Emergency Management	Target	2.0%	\$122,862	\$122,862	\$0
<b>TOTAL</b>			<b>\$4,607,330</b>	<b>\$4,607,330</b>	<b>\$0</b>



Table 2: Facilities Subjective Measures Fee Calculations

Facilities Subjective						
Measure	Performance Rating	Percent Allocation	Max Fee	Fee Modifier	Fee Earned	Fee Unearned
QPAD 2023-1	Excellent	2.0%	\$122,862	1.00	\$122,862	\$0
ESHD 2023-1	Excellent	2.0%	\$122,862	1.00	\$122,862	\$0
SEOD 2023-2	Satisfactory	3.0%	\$184,293	0.50	\$92,147	\$92,147
SEOD 2023-1	Excellent	1.0%	\$61,431	0.91	\$55,902	\$5,529
SOMD 2023-1	Excellent	4.0%	\$245,724	0.95	\$233,438	\$12,286
CODDRCI 2023-1	Good	2.0%	\$122,862	0.72	\$88,461	\$34,401
PED 2023-1	Excellent	5.0%	\$307,155	1.00	\$307,155	\$0
A&SD 2023-1	Satisfactory	6.0%	\$368,586	0.49	\$180,607	\$187,979
<b>TOTAL</b>			<b>\$1,535,777</b>		<b>\$1,203,434</b>	<b>\$332,342</b>

Table 3: LE2 Objective Measures Fee Calculations

LE2 Program Objective Measures					
Measure	Performance Rating	Percent Allocation	Max Fee	Fee Earned	Fee Unearned
Safety Leadership	Stretch Target	8.0%	\$405,568	\$405,568	\$0
Leadership Excellence	Stretch Target	9.0%	\$456,263	\$456,263	\$0
First Time Quality	Stretch Target	9.0%	\$456,263	\$456,263	\$0
Environmental Stewardship	Stretch Target	10.0%	\$506,959	\$506,959	\$0
Cost Control for Construction Subcontracts	Stretch Target	12.0%	\$608,351	\$608,351	\$0
Cost Control for GFP	Stretch Target	12.0%	\$608,351	\$608,351	\$0
Schedule Adherence: Construction Support	Stretch Target	10.0%	\$506,959	\$506,959	\$0
Milestone Project Milestone Schedule Adherence.	Target	10.0%	\$506,959	\$202,784	\$304,175
<b>TOTAL</b>			<b>\$4,055,675</b>	<b>\$3,751,500</b>	<b>\$304,175</b>

Table 4: LE2 Subjective Measures Fee Calculations

LE2 Subjective Measures						
Measure	Performance Rating	Percent Allocation	Max Fee	Fee Modifier	Fee Earned	Fee Unearned
Management of the LE2 Project	Excellent	4.0%	\$202,784	0.96	\$194,672	\$8,111
LE2 Quality Program	Excellent	4.0%	\$202,784	0.98	\$198,728	\$4,056
LE2 Health and Safety Program	Very Good	4.0%	\$202,784	0.76	\$154,116	\$48,668
LE2 Procurement of Contracts	Very Good	4.0%	\$202,784	0.89	\$180,478	\$22,306
A&SD - Procurement Packages	Satisfactory	4.0%	\$202,784	0.49	\$99,364	\$103,420
<b>TOTAL</b>			<b>\$1,013,919</b>		<b>\$827,358</b>	<b>\$186,561</b>