

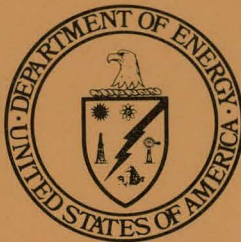
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**ANNUAL
PROCUREMENT OPERATIONS
REPORT
FY 1977**

**U.S. DEPARTMENT OF ENERGY
Directorate of Procurement
and Contracts Management
Office of Procurement Operations**



March 1978

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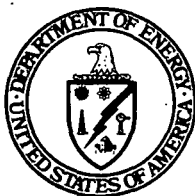
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U.S. DEPARTMENT OF ENERGY
Directorate of Procurement and Contracts Management
Office of Procurement Operations
Washington, DC 20545

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INTRODUCTION

In his energy message on April 20, 1977, President Carter affirmed that the Nation's commitment to the development of energy resources was "the moral equivalent of war." This was his way of stressing the urgency of the search for alternative sources of energy. The nation's effort to achieve resource independence in order to maintain its chosen international commitments will have economical consequences to the entire world. It is not too much to say that the standard of living of every person in the world will be dramatically affected by the development of inexpensive energy sources.

In fiscal year 1977 the Executive Branch direction of this commitment was shared by the several agencies which were merged into the new Department of Energy on October 1, 1977. These agencies included the Energy Research and Development Administration, Federal Energy Administration, part of the Bureau of Mines, and parts of the Naval Petroleum Reserve establishment. This is a report of the activities of the procurement groups of these agencies during Fiscal Year 1977. These organizations were on the front lines of the Nation's struggle for energy independence.

The efforts detailed in this report were seminal to the energy program. New technologies, new industries; new products; and new professions are under development. The direction is now set for future energy commercialization.

Procurement's role consists of giving the direction for and ensuring the proper application of sound business practices that result in the proper and economical placement of energy contracts and their efficient and timely completion. Procurement Operations' role is to make this happen on assigned programs. It is hoped that this report will convey the scope of the effort involved in this endeavor, and give persons within the Department of Energy a more accurate concept of what is taking place in Procurement Operations.

FUNCTIONS OF THE ORGANIZATIONS ENTERING DOE

The following is a brief description of the missions and significant characteristics of the organizations which became part of Department of Energy, Office of Procurement Operations on October 1, 1977.

ERDA—ERDA procured research and development in the areas of Fossil Energy, Solar Energy, Electrical Energy, Geothermal Energy, and Nuclear Energy. Contracts were for basic research on through to near commercial production facilities of a major nature.

NAVY—The Naval Petroleum Reserve Office was responsible for the management, conservation and distribution of fuels from the Naval Petroleum Reserve areas set aside by Congress at intervals from the first World War Era to the present time. A feature of the Navy's responsibilities

is the sale of fuels from the reserve areas to private industry, and the consequent generation of revenue to the Treasury.

FEA—The Federal Energy Administration was responsible for development and storage of near-future reserves in a usable form to serve as a strategic stockpile in the event of military action or international supply disruption.

BOM—The Bureau of Mines is responsible for the Development, management, use and conservation of the Nation's mineral resources.

DOE COMMITMENTS AND OBLIGATIONS

Shown below is a summary of the commitments and obligations for the constituent elements of the Department of Energy for F'Y77.

For purposes of this discussion a commitment is a procurement request, or equivalent document which is used to initiate a procurement; and an obligation is an executed contract, legally committing both parties to the terms of the contract to the extent covered by specified funds and contract provisions.

In terms of the work-flow of a procurement office, commitments are inputs and obligations are outputs.

Note that the commitment figure contains some funds which must be obligated by the end of the fiscal year and some funds which are "no year" funding. Funds allocated by Congress for a specific year must be obligated in that year, or may expire. No-year funds are not required to be obligated by an agency in a particular year.

Some of the agencies coming into DOE have specific year funding and/or no-year funding, while others sell (do not procure) products. The integration of these functions, and the subsequent standardization and documentation of procedures and reporting systems is a major effort for the new agency.

COMMITMENTS AND OBLIGATIONS OF DOE ELEMENTS

	<i>Commitments</i>	<i>Obligations</i>
FEA	678,548,679	494,209,000
FERC	3,623,000	3,623,000
BOM	47,600,000	39,100,000
NAVY	141,814,000	141,814,000
HDQTRS PROC OPNS	444,158,000	443,794,000
Total	1,315,743,679	1,122,540,000

TYPE OF PROCUREMENT

The type of procurement selected for a contract is a matter of mutual agreement of the parties and is influenced by the following two factors: legal requirements and business strategy. In some cases Federal Procurement Regulations dictate the use of a certain type of procurement under specific conditions. Business strategy dictates that the government select the type of contract which is most likely to motivate the contractor to achieve the government's objective at the lowest practical price.

The general objective in selecting the contract type is to achieve a reasonable price for the government, motivate the contractor, encourage competition, and provide opportunities for small and minority business, and enhance successful performance.

The types of contracts awarded during FY77 by the various supplements of DOE are shown below:

	HDQTS	FEA	FPC	BOM	NAVY	TOTAL
Firm Fixed Price	388	405	2	35	2	833
Fixed Price with Escalation	1	—	—	—	—	1
Fixed Price Incentive	2	7	—	—	—	9
Fixed price with redetermination	3	42	—	—	—	45
Cost no fee	570	49	—	23	—	642
Cost plus incentive fee	2	—	—	—	—	2
Cost plus award fee	3	1	—	—	—	4
Cost plus fixed fee	413	114	—	88	4	619
Time and materials	13	1	—	4	—	18
Labor hours	12	—	—	1	—	13
Cost Sharing	96	2	—	34	3	135
Special research source agreement	57	—	—	—	—	57
Grants	77	—	—	—	—	77
Cooperative agreement	30	150	—	—	—	180
No Cost	10	1	1	—	—	12
Sales contracts	—	—	—	—	29	20
Total	1674	772	3	185	39	2,676
Purchase Orders	13627	4500	1527	—	—	19,664

The following pages will discuss each of the agencies which became part of the Department of Energy on October 1, 1977. In many cases, variations in record keeping have prevented parallel reporting.

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION (ERDA)

ERDA was formed on January 19, 1975 by consolidating the Office of Coal Research (Department of the Interior), The Atomic Energy Commission, and certain elements of Department of Interior and NASA.

ERDA's mission was primarily directed to long-term research and was concentrated in Fossil Energy, Solar Energy, Geothermal Energy, Conservation, Electrical, Nuclear and Wind Energy. Research ranged from basic research in new technology areas to near-commercial-scale demonstration plants to prove existent technologies. Unlike the Naval Petroleum Reserve, ERDA Procurement Operations had few sales contracts.

The next page represents Procurement Operations' highlights for Fiscal Year 1977. Office of Procurement Operations is the local Washington, D.C. Operating office which services the Headquarters program offices and in addition provides general procurement support to all Headquarters elements.

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION (ERDA)

ERDA Procurement Operations Highlights for FY77

The following major events occurred in ERDA Procurement Operations in FY77:

- \$228,000,000 joint venture Cooperative Agreement executed with Exxon for pilot plant demonstration of the Exxon Donor Solvent Coal Liquefaction Process.
- Finalized private sector cost sharing participation (\$30.0 million) for the H-Coal Liquefaction process pilot plant demonstration program.
- Contract for MHD Generator Component Development awarded January 1977 to Avco Everett Research Laboratory, Inc. for \$19.7 million.
- Phase II contracts for the three phase High Temperature Turbine Technology program awarded July 1977 to General Electric and Curtiss-Wright for \$31.5 and \$27.7 million respectively.
- Executed Fossil Energy Cooperative Agreement with Poland for \$6.5 million to fund seven liquefaction projects and one MHD project.
- Reviewed and approved more than 300 major Subcontracts.
- National SERI contract for \$4.8 million negotiated and awarded within two weeks after selection (April 77).
- SERI regional network planning grants—awarded totaling more than \$2 million.
- Conducted three contractor property system initial reviews, four contractor procurement system initial reviews and two contractor procurement system surveillance reviews.
- Granted approval of five contractor procurement systems and one contractor property system.
- Delegated 37 contracts valued at \$286.6 million to DCAS for contract administration.
- Established a complete system of general provisions, solicitation documents, and contract outlines.
- Conducted 15 professional level training seminars on procurement topics.
- Developed a computerized commitment and obligation summary tracking system in graphic form.
- Instituted a computerized Weekly Activity Report and Weekly Key Item Report, and consolidated these reports into a Weekly Briefing Book.

- Initiated a system to chart all Headquarters procurement actions for Milestone Progress.
- Produced and distributed Bi-Weekly Procurement Reports for management information.
- Developed and automated a Quarterly Professional Workload Inventory.
- New program entitled "Starter Grants" initiated. 273 proposals received April 8, 1977. 28 grant awards totaling \$958,000 made July 29, 1977.
- With approximately the same Cost/Price Analysis staff as in FY76, 595 procurement actions (proposals) processed during FY77 compared to 406 for FY76.
- Working with Office of Controller, Operations designed a system for timely payment of con-

tractors' vouchers and negotiated an MOU with that office necessary to implement the system.

- Reduced standard leadtime for performance of a cost/price analysis from 55 days to 40 days (when audit is required).
- Developed and distributed a Data Input Manual for the Operations Reporting System.
- Reduced total carryover for FY77 to only \$364,000.

Two attachments have been included: attachment 1 summarizes Operations FY1977 activities statistically, and attachment 2 is a list of major awards (over \$5 million contract value) sorted by ERDA program.

ERDA Commitments and Obligations

As stated previously commitments on PR's are *inputs* to Procurement Offices and Obligations are *outputs*. The most significant things to note on the attached charts is the elimination of all but a very small amount of carryover and the volume of the operations. Note that the charts are done to different scales and that the size of the programs varies greatly.

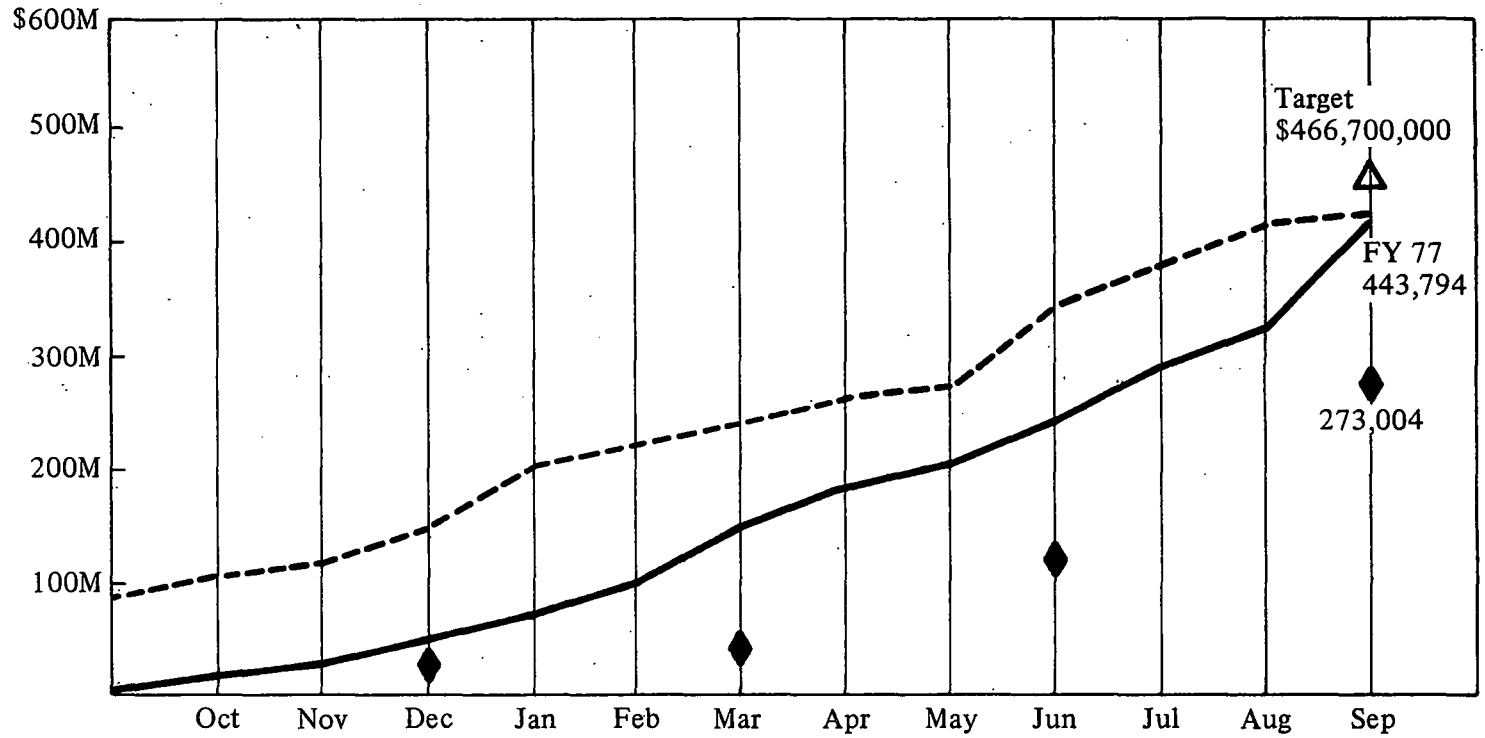
Note, also, the important relationship between commitments and obligations. This emphasizes the need for timely commitments by Programmatic areas in order to insure timely obligations.

While some smaller dollar value procurements are frequently very important, attention is usually focused more intensely on larger procurements. These have more impact on the budget. They are typically more intricate, and require more reporting requirements, and higher levels of review before execution. They demand greater contract management, and therefore contain more reporting requirements and control mechanisms. As a consequence they require longer lead-times for award.

Attached is a list of major new awards of ERDA Procurement operations in FY77.

CONTRACT	CONTRACTOR	AWARD DATE	DESCRIPTION	FUNDS OBLIGATED	CONTRACT VALUE	TYPE
FAO72542	CONOCO	05/31/77	PIPELINE GAS DEMO PLANT	7,200,000	631,000,000	COMPETITIVE
FAO72012	ILLINOIS COAL EAS GROUP	06/10/77	PIPELINE GAS DEMONSTRATION PLANT (HI BTU)	7,650,000	431,000,000	COMPETITIVE
FAO72577	GRACE-EBASCO	08/26/77	FUEL GAS (LOW BTU) DEMO PLANT (INDUSTRIAL)	6,200,000	318,000,000	COMPETITIVE
FAO12893	EXXON	07/29/77	DONOR SOLVENT PILOT PLANT	2,500,000	255,000,000	NON-COMPETITIVE
FAO72582	MEMPHIS GAS	08/17/77	FUEL GAS LOW BTU DEMO PLANT INDUSTRIAL	6,200,000	160,000,000	COMPETITIVE
FAO12627	BECHTEL	09/23/77	CCU ENG AND TECH SUPPORT	968,913	38,600,000	COMPETITIVE
FAO82519	AVCO	01/05/77	MHD GENERATOR COMPONENT DEV. FOR CDIF TESTING	400,000	19,773,161	NON-COMPETITIVE
Z 016149	ERDA EMPLOYEE AWARDS	09/02/77	ERDA EMPLOYEE AWARDS	15,680	15,680,000	COMPETITIVE
S 014049	IBM	08/31/77	COLLECT AND EVALUATE SOLAR DEMONSTRATION SITES	4,959,351	10,500,000	NON-COMPETITIVE
FAO72618	A & E	07/29/77	HYGAS CONCEPT DESIGN	3,600,000	8,000,000	COMPETITIVE
FAO32570	PIKE CO.	04/20/77	PON-FE-4; EVAL OF GASIFIERS IN INDUSTRY	1,178,000	7,504,000	COMPETITIVE
FAO12547	H R I	02/04/77	H-COAL LAB SUPPORT	838,000	6,300,000	NON-COMPETITIVE
FAO32572	LAND OF LAKES	07/29/77	PON-FE-4; EVAL OF GASIFIERS IN INDUSTRY	928,000	5,374,000	PON/PRDA
FAO32568	GENERAL REFRACTORIES	09/27/77	PON-FE-4; EVAL OF GASIFIERS IN INDUSTRY	1,000,000	5,026,000	PON/PRDA

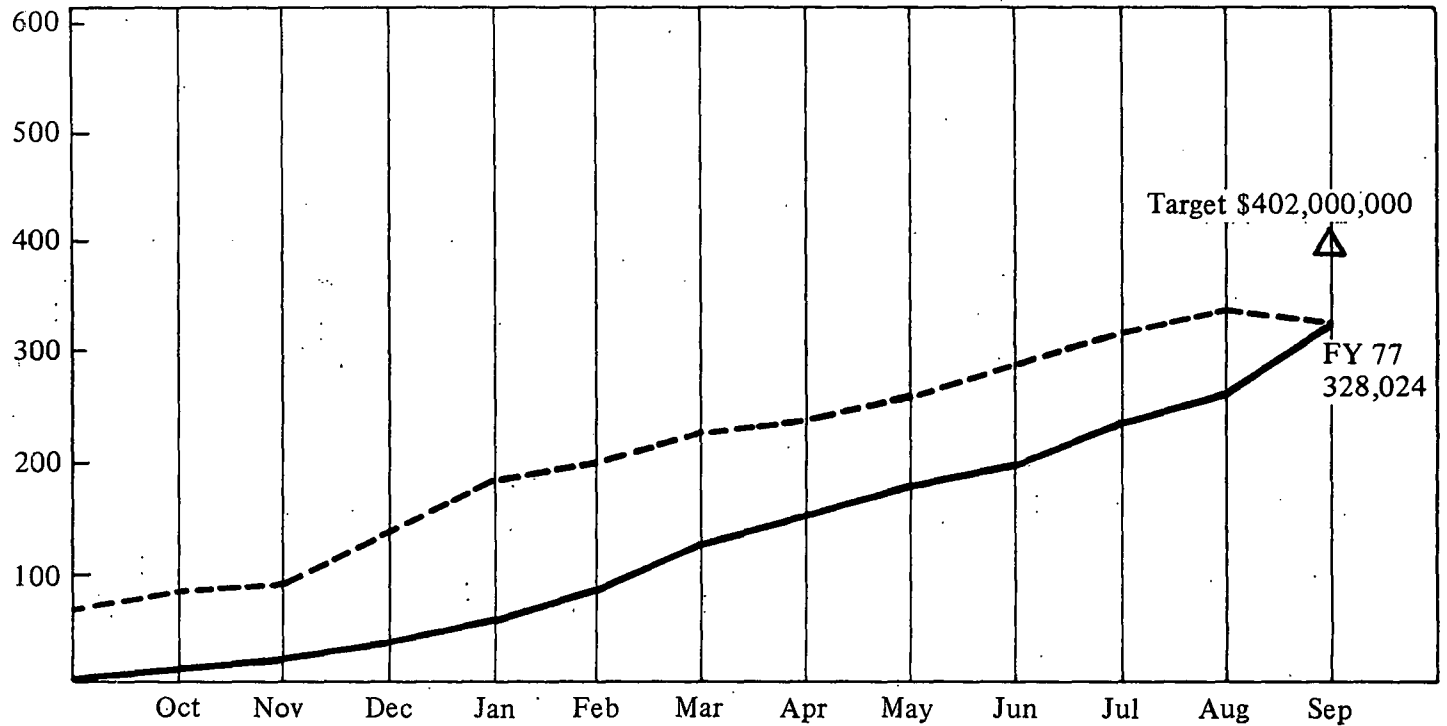
Total Operations Cumulative Commitments versus Obligations — FY 1977 and Prior Year



*Adjusted for Deobligations and Changes in the Fiscal Year of Funding

FY 1977		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
---	Commitments by Month	10,319	10,287	44,827	51,168	19,088	26,518	21,045	20,595	56,096	54,764	33,163	(-1,516)*
---	Cumulative Commitments	105,219	115,506	160,333	211,501	230,587	357,105	278,150	298,746	351,516	406,280	439,443	444,168*
---	Obligations by Month FY 77 **	9,500	4,846	20,418	26,709	29,770	49,823	40,686	29,540	36,480	53,584	34,865	107,568*
---	Cumulative FY 77 Obligations **	9,500	14,346	34,764	61,473	91,243	141,066	181,752	211,292	247,772	301,361	336,226	443,794
◆	FY 76 Cumulative Obligation	—	—	8,008	—	—	36,914	—	—	114,504	—	—	273,004
	FY 77 Carryover												364

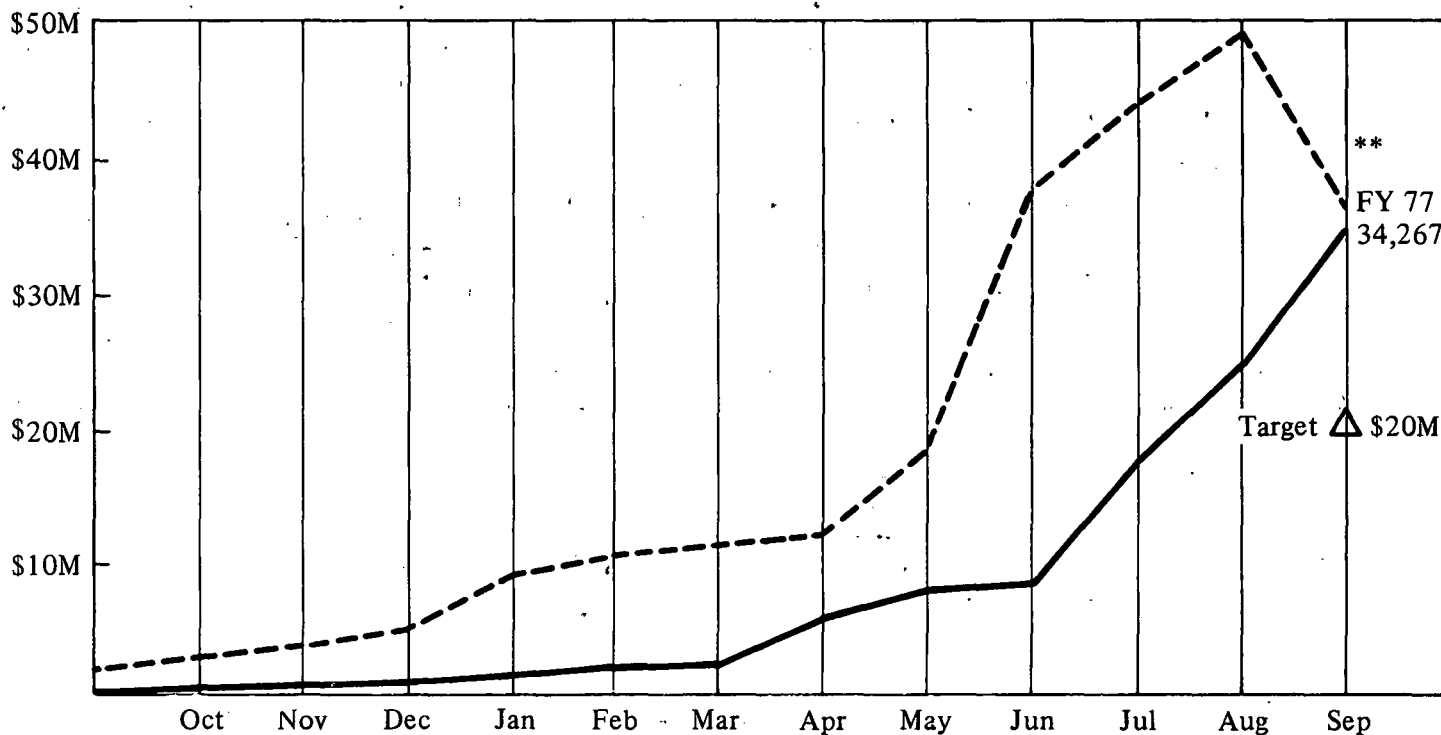
Fossil Energy Cumulative Commitments and Obligations — FY 1977 and Prior Year



*Reflects Changes in Fiscal Year of P.R. Funding

FY 1977		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
---	Commitments by Month	21,132	6,315	40,981	46,048	15,348	16,421	13,405	11,451	38,373	40,625	14,628	(-1,925)*
	Cumulative Commitments	90,332	96,647	137,628	183,676	199,024	215,445	228,850	240,301	275,348	315,973	330,241	328,316*
---	Obligations by Month	3,559	2,091	16,345	23,698	28,327	45,179	27,226	25,279	28,320	37,448	21,918	69,194
	Cumulative Obligations	3,599	5,690	22,035	45,733	74,060	119,239	146,465	171,144	199,464	236,912	258,830	328,024
	FY 77 Carryover												292

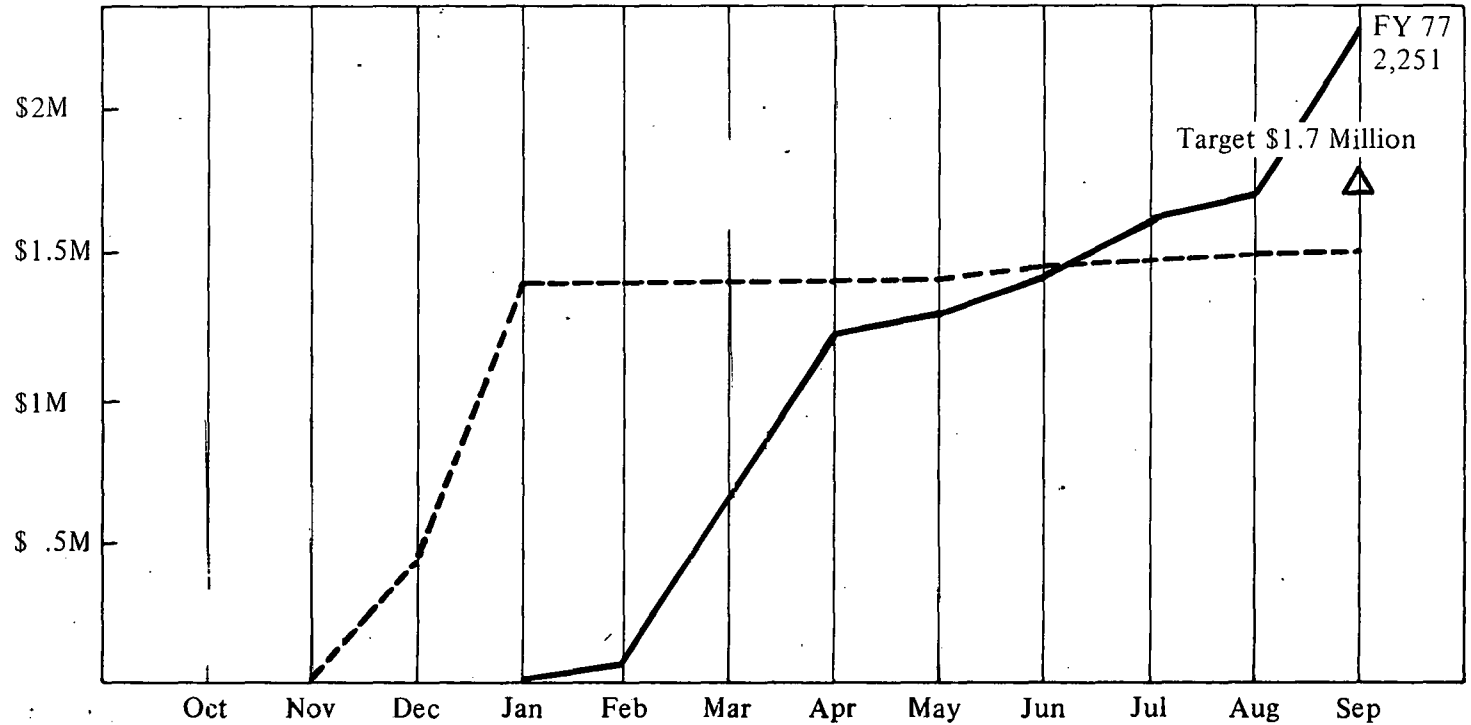
Solar Energy Commitments versus Obligations — FY 1977 and Prior Year



*Reflects Changes in FY of Funding
 **See Geothermal Chart Re Overcommitments

FY 1977		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
---	Commitments by Month	625	1,032	1,119	4,253	1,251	706	1,001	5,977	10,546	6,055	4,343	(-14,223)*
	Cumulative Commitments	2,825	3,857	4,976	9,229	10,480	11,186	12,187	18,164	38,092*	44,147	48,490	35,043*
	Obligations by Month	55	273	247	702	481	235	4,105	2,147	309	9,375	6,880	9,458
	Cumulative Obligations	55	328	575	1,277	1,758	1,993	6,098	8,245	8,554	17,929	24,809	34,267
	FY 77 Carryover												

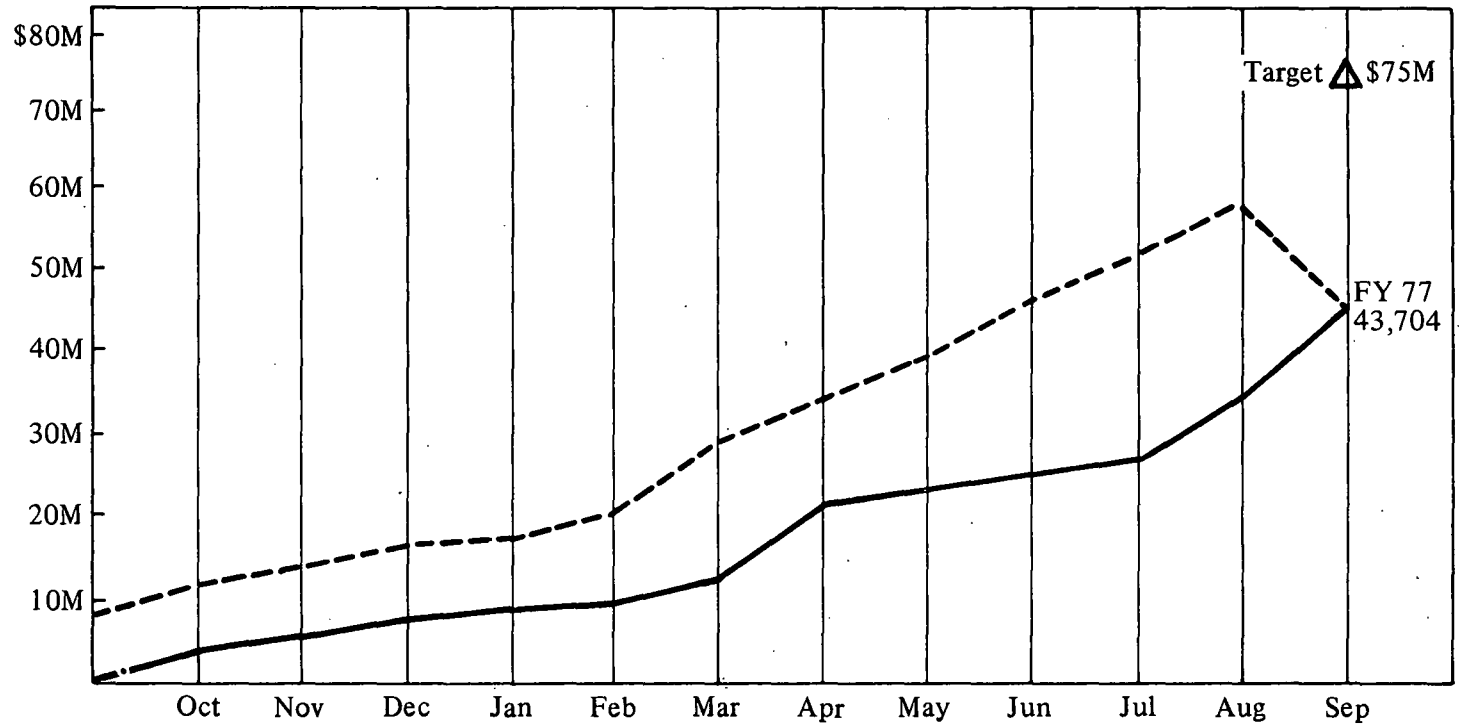
Geothermal Energy Commitments versus Obligations — FY 1977 and Prior Year



Note: Chart Reflects Program Reorganization at the End of the First Quarter of FY 77. Dollars Committed During This Period Were Solar Actions.

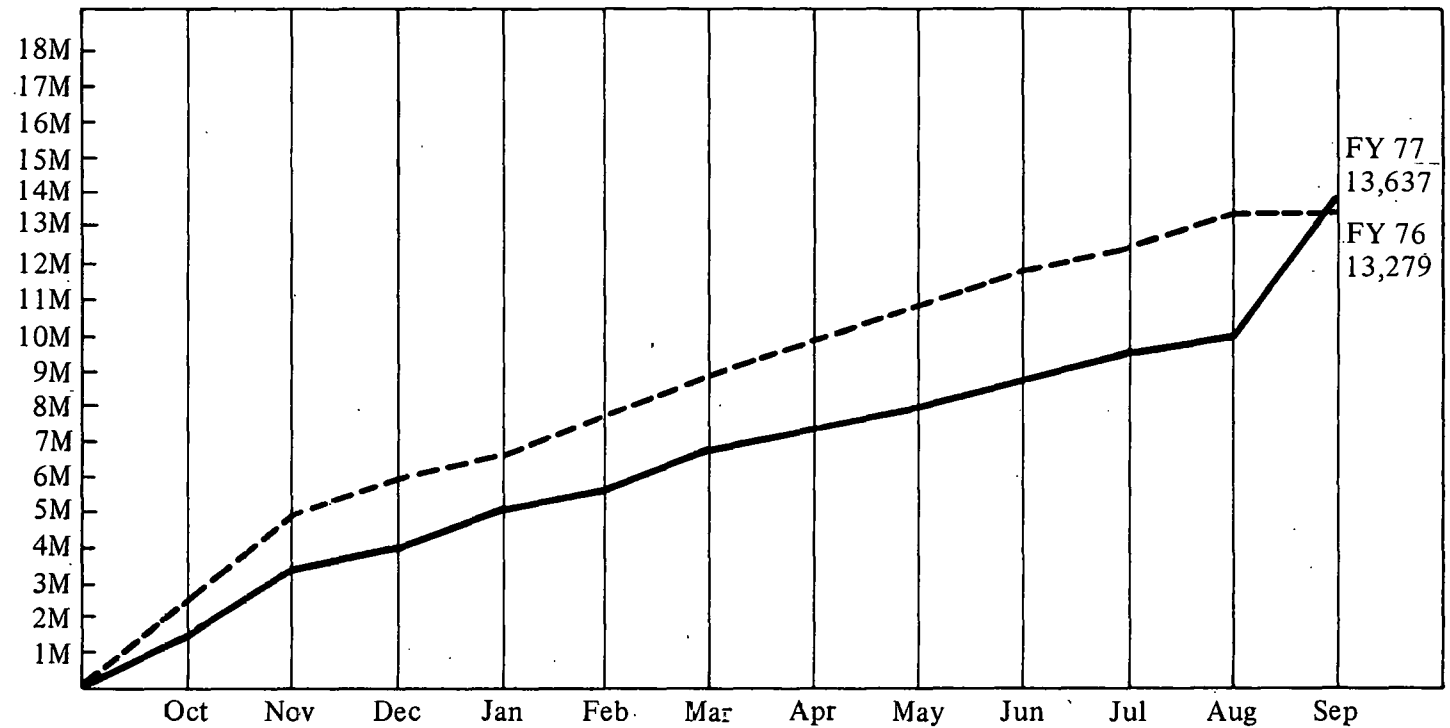
FY 1977		* Includes Carryover Obligated													
<div style="border-bottom: 1px dashed black; width: 100%; margin-bottom: 5px;"></div> <div style="border-bottom: 1px solid black; width: 100%;"></div>	Commitments by Month	0	0	437	938	0	0	0	0	27	24	34	15		
	Cumulative Commitments	0	0	437	1,375	1,375	1,375	1,375	1,375	1,402	1,426	1,460	1,475		
	Obligations by Month	0	0	0	0	30	551	650	15	147	197	26	591		
	Cumulative Obligations	0	0	0	0	30	581	1,231	1,246	1,393	1,590	1,660	2,251		
	FY 77 Carryover													0	

Conservation Commitments versus Obligations — FY 1977 and Prior Year



FY 1977		*Reflects Deobligations and Changes in Fiscal Year of Funding												
—	Commitments by Month	1,562	2,940	2,290	440	2,487	9,391	6,639	2,443	6,330	7,333	6,376	(-15,027)*	
	Cumulative Commitments	12,062	15,002	17,292	17,732	20,219	29,610	36,249	38,692	45,022	52,355	58,731	43,704	
—	Obligations by Month	4,339	520	3,249	1,287	256	2,721	8,247	1,521	1,437	1,905	5,523	12,639	
	Cumulative Obligations	4,399	4,919	8,168	9,455	9,711	12,432	20,679	22,200	23,637	25,542	31,065	43,704	
	FY 77 Carryover													

Purchase Orders



	FY 1977 Obligations	1,447	1,952	577	1,022	676	1,137	458	578	666	600	1,315	3,199	
	FY 1976 Obligations	2,439	2,453	1,009	647	966	1,297	892	550	578	929	526	983	
	FY 1977 Actions	341	378	350	471	279	545	303	277	261	571	543	537	
	FY 1976 Actions	439	394	502	429	374	404	628	427	542	510	277	348	
---	FY 1976 Cum	2,439	4,902	5,911	6,558	7,524	8,821	9,713	10,263	10,841	11,770	12,296	13,279	
—	FY 1977 Cum	1,447	3,409	3,986	5,008	5,684	6,821	7,279	7,857	8,523	9,123	10,438	13,637	

PROCUREMENT LEADTIMES

Procurement leadtime is directly related to the number of steps which must be completed prior to contract award. The following represents generally the steps required in processing a procurement. However, depending on the complexity and type of procurement, the necessity and time of each step will vary:

1. Preparation, coordination, approval and issuance of a solicitation.
2. Receipt of proposals.
3. Performance of Cost/Price evaluation and analyses
4. Completion of Initial technical evaluation
5. Determination of competitive range
6. Oral discussions
7. Submission of revised proposals
8. Source selection
9. Cost/Price evaluation for negotiations
10. Negotiation
11. Preparation of all contractual documents
12. General counsel review
13. Headquarters review
14. Sending of contract to contractor for signature
15. Signature by contracting officer

Other factors which may have an impact on procurement leadtime are the need for environmental impact statements, GPO protests, the availability of funding, workload factors, the timing of the receipt of the PR, general business conditions, the conditions in the specific industry, competition and socio-economic requirements.

The standard leadtimes on the following page should therefore be viewed only as a general guide and not as an inflexible standard that will be applied to all procurements without consideration of unique requirements of a particular deal.

On individual actions, where warranted on an exception basis, special, exceptional abridgments can be made of otherwise essential processing steps.

Office of Procurement Operations
Procurement and Contracts Management Directorate
Type of Procurement Action — Standard Lead Time

	P1	P2	C1	C2	C3	N1	N2	N3	M1	M2	M3	A1	B1	L1	T1	G1	H	X1	X2	X3
Milestone Event	PON/PRDA Under \$5 Million	PON/PRDA Over \$5 Million	COMPET RFP Under \$250,000	COMPET RFP \$250K to \$5 Million	COMPET RFP Over \$5 Million	NON-COMPET Under \$250,000	NON-COMPET \$250K to \$5 Million	NON-COMPET Over \$5 Million	MODS, NON New Proc Under \$250K	MODS, NON New Proc \$250K to \$5M	MODS, NON New Proc Over \$5M	Admin and Incremental Funding Mods	Change Orders	Letter Contracts	Call Orders Task Orders	Grants	Cooperative Agreements	Integrated Contracts	Interagency Agreements	Sales Contracts
1. Solicitation Prepared, Co-ordinated Approved and Issued	23	43	13	22	43	18	18	13	18	18	18	3	13	—	—	—	—	—	—	—
2. Proposal Received	40	45	30	40	45	15	25	30	15	25	30	—	—	—	—	—	—	—	—	—
3. Cost/Price Evaluation for Competitive Range Determination Completed	10	10	10	10	10	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4. Initial Technical Evaluation Completed	15	20	5	10	15	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5. Competitive Range Determined	5	10	5	5	10	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6. Orals Completed	13	15	7	10	15	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7. Revised Proposals Received	13	10	10	10	10	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8. Source(s) Selected	10	20	9	10	20	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9. Cost/Price Evaluation for Negotiations Completed	50	55	10	45	55	20	45	55	10	40	50	—	—	—	—	—	—	—	—	—
10. Negotiations Completed	30	35	10	20	30	15	20	25	10	15	15	—	6	—	—	—	—	—	—	—
11. Documents Prepared	10	10	5	10	10	10	10	10	10	10	10	25	3	—	—	—	—	—	—	—
12. OGC Review Completed	19	4	3	19	4	3	19	4	3	19	4	3	6	—	—	—	—	—	—	—
13. HQ Review Completed	—	22	—	—	22	—	—	22	—	—	22	—	—	—	—	—	—	—	—	—
14. Mailed for Contractor Signature	2	2	2	2	2	2	2	2	2	2	2	—	—	—	—	—	—	—	—	—
15. Fully Executed	10	10	8	10	10	10	10	10	10	10	10	2	2	—	—	—	—	—	—	—
Calendar Days Total	244	311	127	224	301	93	149	176	78	139	161	33	10	0	30	60	60	0	30	120

DOE Procurement Operations Reporting System
Average Lapsed Times between Procurement Steps
Based on Awards from 10/1/76 to 9/30/77

Action Type	Nbr. of Actions	Total Time	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
			0	0	0	0	0	0	0	0	0	0	0	0	0	0	58
A1	Type Unidentified	1	58														
	Admin. & Incr. Funding	519	31	7	0	16	5	6	7	0	15	24	12	23	29	22	21
B1	Change Orders	9	46	10	0	0	0	0	0	0	11	29	12	16	29	0	29
C1	Compet RFP Under \$250K	95	141	38	47	35	73	40	88	26	21	134	37	11	23	28	25
C2	Compet RFP \$250K-\$5Mil	46	160	43	53	49	37	15	22	8	63	33	32	7	45	0	63
C3	Compet RFP Over \$5Mil	3	170	42	30	0	65	0	84	0	0	47	18	18	16	0	15
E1	Plan Actions-No Funding	24	42	5	70	0	14	0	0	0	11	14	7	21	19	0	26
EA1	Plan-Admin & Incr Funding	1	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EC1	Plan-Compet Under \$250K	1	65	7	0	0	0	0	0	0	0	0	0	0	0	0	0
EM1	Plan-Mods Non-New < \$250K	2	18	0	0	0	0	0	0	0	0	15	0	0	0	0	13
EN1	Plan-Non-Compet < \$250K	1	64	0	0	0	0	0	0	0	8	0	0	0	0	0	32
EN2	Plan-Non-Compet \$250K-\$5Mil	1	59	8	0	0	0	0	0	0	0	0	0	0	0	0	0
L1	Letter Contracts	6	91	7	42	0	0	0	72	0	9	19	0	18	27	0	0
M1	Mods Non-New Proc < \$250K	270	61	11	9	13	16	0	23	0	19	23	21	19	28	0	25
M2	Mods Non-New \$250-\$5Mil	61	88	20	16	30	3	0	18	0	15	35	31	34	30	22	26
M3	Mods Non-New Proc > \$5Mil	5	96	17	0	0	2	0	13	0	19	35	0	27	0	0	88
N1	Non Compet Under \$250K	254	72	14	25	18	25	0	25	0	15	28	23	30	25	28	25
N2	Non Compet \$250K-\$5Mil	45	105	20	26	15	32	42	20	89	24	34	34	28	19	29	21
N3	Non Compet over \$5Mil	2	71	27	0	0	0	0	0	0	0	0	60	0	0	0	0
T1	Call Orders/Task Orders	202	52	6	50	19	5	0	14	0	11	15	42	8	11	49	27
	Total Number of Actions	1548															

Action	Description	No. Actions	Pro OPs Avg	Standard	Delta
A1	Admin. & Incr. Funding	519	31	33	-2
B1	Change Orders	9	46	30	+16
C1	Compet RFP Under \$250K	95	141	127	+14
C2	Compet RFP \$250K-\$5Mil	46	160	224	-64
C3	Compet RFP over \$5Mil	3	170	301	-131
E1	Plan Actions-No Funding	24	42	-	-
L1	Letter Contracts	6	91	-	-
M1	Mods Non-New Proc \$250K	270	61	78	-17
M2	Mods Non-New \$250K-\$5Mil	61	88	139	-51
M3	Mods Non-New Proc \$5Mil	5	96	161	-65
N1	Non Compet Under \$250K	254	72	93	-21
N2	Non Compet \$250K-\$5Mil	45	105	149	-44
N3	Non Compet over \$250K	2	71	176	-105
T1	Call Orders/Task Orders	202	52	30	+22
	Total Number of Actions	1542			

Procurement
Technical
Contractor

1. Solicitation Prepared, Co-ordinated Approved and Issued
2. Proposal Received
3. Cost/Price Eval. for Compet Range Determination Completed
4. Initial Technical Eval. Completed
5. Competitive Range Determined

6. Orals Completed
7. Revised Proposals Received
8. Source(s) Selected
9. Cost/Price Eval. for Negotiations Completed
10. Negotiations Completed

11. Documents Prepared
12. OGC Review Completed
13. HQ Review Completed
14. Mailed for Contractor Signature
15. Fully Executed

DOE Procurement Operations Reporting System
 Average Lapsed Times between Procurement Steps
 Based on Awards from 10/1/76 to 9/30/77

Action Type		Nbr. of Actions	Total Time	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
A1	Admin. & Incr. Funding	10	23	0	0	0	0	0	0	0	28	0	0	0	0	0	0	7
C1	Compet RFP Under \$250K	1	101	0	0	0	0	0	44	28	0	0	0	0	0	0	0	36
C2	Compet RFP \$250-\$5Mil	5	91	0	0	0	0	0	13	29	36	0	0	0	0	33	65	0
M1	Mods Non-New Proc < \$250K	9	74	0	0	0	0	0	12	0	0	18	0	0	0	2	9	40
M2	Mods Non-New \$250K-\$5Mil	2	66	0	0	0	0	0	0	0	0	3	0	0	0	0	0	0
N1	Non Compet Under \$250Mil	4	69	0	0	0	0	0	0	2	0	16	0	13	0	23	22	0
N2	Non Compet \$250K-\$5Mil	1	86	0	0	0	0	0	3	0	0	0	42	0	0	0	15	0
	Total Number of Actions	32									0							

Action	Description	No. Actions	Pro. Ops Avg	Standard	Delta
A1	Admin. & Incr. Funding	10	23	33	-10
C1	Compet RFP Under \$250K	1	101	127	-26
C2	Compet RFP \$250K-\$5Mil	5	91	227	-133
M1	Mods Non-New Proc \$250K	9	74	78	-4
M2	Mods Non-New \$250K-\$5Mil	2	66	139	-73
N1	Non Compet Under \$250K	4	69	93	-24
N2	Non Compet \$250K-\$5Mil	1	86	149	-63
	Total Number of Actions	32			

Procurement
 Technical
 Contractor

- 1. Solicitation Prepared, Co-ordinated Approved and Issued
- 2. Proposal Received
- 3. Cost/Price Eval. for Compet Range Determination Completed
- 4. Initial Technical Eval. Completed
- 5. Competitive Range Determined
- 6. Orals Completed
- 7. Revised Proposals Received
- 8. Source(s) Selected

- 9. Cost/Price Eval. for Negotiations Completed
- 10. Negotiations Completed
- 11. Documents Prepared
- 12. OGC Review Completed
- 13. HQ Review Completed
- 14. Mailed for Contractor Signature
- 15. Fully Executed

DOE Procurement Operations Reporting System
 Average Lapsed Times between Procurement Steps
 Based on Awards from 10/1/76 to 9/30/77

Action Type	Nbr. of Actions	Total Time	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
A1 Admin & Incr. Funding	53	49	0	0	0	0	0	10	0	16	0	0	0	0	0	20	13
B1 Change Orders	1	28	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
C1 Compet RFP Under \$250K	22	70	0	0	0	0	0	13	15	0	69	0	88	0	13	5	43
E1 Plan Actions-No Funding	1	27	0	0	0	0	0	6	0	0	0	0	0	0	0	0	0
EA1 Plan-Admin & Incr Funding	1	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EC1 Plan-Compet Under \$250K	1	65	0	0	0	0	0	7	0	0	0	0	0	0	0	0	0
EM1 Plan-Mods Non-New < \$250K	1	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
M1 Mods Non-New Proc < \$250K	71	57	0	0	0	0	0	9	0	14	7	0	33	0	14	39	23
M2 Mods Non-New \$250K-\$5Mil	6	112	0	0	0	0	0	12	0	14	0	0	14	0	0	20	29
N1 Non Compet Under \$250K	93	82	0	0	0	0	0	19	38	18	34	0	39	0	25	27	24
N2 Non Compet \$250K-\$5Mil	6	105	0	0	0	0	0	26	0	0	0	0	0	0	44	13	27
T1 Call Orders/Task Orders	67	102	0	0	0	0	0	6	0	19	7	0	14	0	0	9	58
Total Number of Actions	323																

Action	Description	No. Actions	Pro Ops Avg	Standard	Delta
A1	Admin. & Incr. Funding	53	49	33	+16
B1	Change Orders	1	28	30	-2
C1	Compet RFP Under \$250K	22	70	127	-57
E1	Plan Actions-No Funding	4	-	-	-
M1	Mods Non-New Proc \$250K	71	57	78	-21
M2	Mods Non-New \$250K-\$5M	6	112	139	-27
N1	Non Compet Under \$250K	93	82	93	-11
N2	Non Compet \$250K-\$5M	6	105	149	-44
T1	Call Orders/Task Orders	67	102	30	+72
	Total Number of Actions	323			

Procurement
 Technical
 Contractor

- 1. Solicitation Prepared, Co-ordinated Approved and Issued
- 2. Proposal Received
- 3. Cost/Price Eval. for Compet Range Determination Completed
- 4. Initial Technical Eval. Completed
- 5. Competitive Range Determined
- 6. Orals Completed
- 7. Revised Proposals Received
- 8. Source(s) Selected

- 9. Cost/Price Eval. for Negotiations Completed
- 10. Negotiations Completed
- 11. Documents Prepared
- 12. OGC Review Completed
- 13. HQ Review Completed
- 14. Mailed for Contractor Signature
- 15. Fully Executed

Run Date: 11/10/77

Fossil Energy
DOE Procurement Operations Reporting System
Average Lapsed Times between Procurement Steps
Based on Awards from 10/1/76 to 9/30/77

Action Type	Nbr. of Actions	Total Time	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
			0	0	0	0	0	0	0	0	0	0	0	0	0	0	58
A1	Type Unidentified	1	58														18
A1	Admin. & Incr. Funding	316	30	5	0	10	2	6	7	0	19	26	13	17	34	25	20
B1	Change Orders	4	22	7	0	0	0	0	0	0	11	0	11	16	0	0	0
C1	Compet RFP Under \$250K	33	210	15	99	0	0	30	0	0	31	215	16	3	0	0	5
C2	Compet RFP \$250K-\$5Mil	10	166	60	48	57	43	8	22	8	14	30	20	0	59	0	14
C3	Compet RFP Over \$5Mil	3	170	42	30	0	65	0	84	0	0	47	18	18	16	0	15
E1	Plan Actions-No Funding	6	58	3	79	0	0	0	0	0	0	11	0	21	19	0	39
EM1	Plan-Mods Non-New < \$250K	1	26	0	0	0	0	0	0	0	0	15	0	0	0	0	12
L1	Letter Contracts	6	91	7	42	0	0	0	72	0	9	19	0	18	27	0	42
M1	Mods Non-New Proc < \$250K	90	66	13	9	16	17	0	20	0	19	24	18	26	29	0	22
M2	Mods Non-New \$250K-\$5Mil	45	84	20	16	35	0	0	18	0	12	35	33	33	27	43	24
M3	Mods Non-New Proc > \$5Mil	5	96	17	0	0	2	0	13	0	19	35	0	27	0	0	88
N1	Non Compet Under \$250K	57	66	8	31	7	0	0	11	0	11	34	22	16	18	0	13
N2	Non Compet \$250K-\$5Mil	26	125	23	26	15	44	0	20	89	21	40	37	27	27	0	26
N3	Non Compet Over \$5Mil	1	30	0	0	0	0	0	0	0	0	0	0	0	0	0	23
T1	Call Orders/Task Orders	104	22	5	0	0	0	0	0	11	22	17	0	11	0	17	11
	Total Number of Actions	708															

Action	Description	No. Actions	Pro OPs Avg	Standard	Delta
A1	Admin. & Incr. Funding	316	30	33	-3
B1	Change Orders	4	22	30	-8
C1	Compet RFP Under \$250K	33	210	127	+83
C2	Compet RFP \$250K-\$5Mil	10	166	224	-58
C3	Compet RFP over \$5Mil	3	170	301	-131
E1	Plan Actions-No Funding	6	58	-	-
L1	Letter Contracts	6	91	40	+51
M1	Mods Non-New Proc \$250K	91	66	78	-12
M2	Mods Non-New \$250K-\$5Mil	45	84	139	-55
M3	Mods Non-New Proc \$5Mil	5	96	161	-65
N1	Non Compet Under \$250K	57	66	93	-27
N2	Non Compet \$250K-\$5Mil	26	125	149	-24
N3	Non Compet over \$250K	1	30	176	-146
T1	Call Orders/Task Orders	104	22	30	-8
	Total Number of Actions	708			

Procurement
Technical
Contractor

1. Solicitation Prepared, Co-ordinated Approved and Issued
2. Proposal Received
3. Cost/Price Eval. for Compet Range Determination Completed
4. Initial Technical Eval. Completed
5. Competitive Range Determined

6. Orals Completed
7. Revised Proposals Received
8. Source(s) Selected
9. Cost/Price Eval. for Negotiations Completed
10. Negotiations Completed

11. Documents Prepared
12. OGC Review Completed
13. HQ Review Completed
14. Mailed for Contractor Signature
15. Fully Executed

DOE Procurement Operations Reporting System
 Average Lapsed Times between Procurement Steps
 Based on Awards from 10/1/76 to 9/30/77

Action Type	Nbr. of Actions	Total Time	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
A1 Admin. & Incr. Funding	66	29	0	0	0	0	0	2	0	0	0	0	0	0	7	21	7
B1 Change Orders	1	114	0	0	0	0	0	0	0	0	0	0	0	0	0	0	28
C1 Compet RFP Under \$250K	14	168	0	0	0	0	0	97	45	35	84	15	0	26	55	19	52
C2 Compet RFP \$250K-\$5Mil	17	183	0	0	0	0	0	47	70	0	67	19	0	0	225	20	44
E1 Plan Actions--No Funding	9	38	0	0	0	0	0	8	0	0	14	0	0	0	11	19	7
EN1 Plan--Non--Compet < \$250K	1	64	0	0	0	0	0	0	0	0	0	0	0	0	8	0	0
M1 Mods Non--New Proc < \$250K	27	52	0	0	0	0	0	4	0	0	0	0	0	0	28	11	24
M2 Mods Non--New \$250K-\$5Mil	6	104	0	0	0	0	0	0	0	0	0	0	0	0	15	56	14
N1 Non Compet Under \$250K	39	58	0	0	0	0	0	8	5	18	0	0	0	0	16	14	23
N2 Non Compet \$250K-\$5Mil	7	80	0	0	0	0	0	13	0	0	9	0	0	0	44	28	50
T1 Call Orders/Task Orders	8	42	0	0	0	0	0	8	50	0	0	0	0	0	12	17	13
Total Number of Actions		195															

Action	Description	No. Actions	Pro Ops Avg	Standard	Delta
A1	Admin. & Incr. Funding	66	29	33	-4
B1	Change Orders	1	114	30	+84
C1	Compet RFP Under \$250K	14	168	127	+41
C2	Compet RFP \$250K-\$5M	17	183	224	-41
E1	Plan Actions--No Funding	10	-	-	-
M1	Mods Non--New Proc \$250K	27	52	78	-26
M2	Mods Non--New \$250K-\$5M	6	104	139	-35
N1	Non Compet Under \$250K	39	58	93	-35
N2	Non Compet \$250K-\$5M	7	80	149	-69
T1	Call Orders/Task Orders	8	42	30	+12
Total Number of Actions		195			

Procurement
 Technical
 Contractor

- 1. Solicitation Prepared, Co-ordinated Approved and Issued
- 2. Proposal Received
- 3. Cost/Price Eval. for Compet Range Determination Completed
- 4. Initial Technical Eval. Completed
- 5. Competitive Range Determined
- 6. Orals Completed
- 7. Revised Proposals Received
- 8. Source(s) Selected

- 9. Cost/Price Eval. for Negotiations Completed
- 10. Negotiations Completed
- 11. Documents Prepared
- 12. OGC Review Completed
- 13. HQ Review Completed
- 14. Mailed for Contractor Signature
- 15. Fully Executed

Action Type	Nbr. of Actions	Total Time	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
A1 Admin. & Incr. Funding	61	20	0	0	0	0	0	5	0	0	0	0	0	0	0	10	10
B1 Change Orders	3	62	0	0	0	0	0	15	0	0	0	0	0	0	0	29	7
C1 Compet RFP Under \$250K	23	95	0	0	0	0	0	62	31	0	0	85	0	0	9	24	26
C2 Compet RFP \$250K-\$5Mil	13	149	0	0	0	0	0	62	51	43	19	24	0	0	13	47	33
E1 Plan Actions—No Funding	7	36	0	0	0	0	0	3	0	0	0	0	0	0	0	0	0
EN2 Plan—Non—Compet \$250K-\$5M	1	59	0	0	0	0	0	8	0	0	0	0	0	0	0	0	0
M1 Mods Non—New Proc < \$250K	69	61	0	0	0	0	0	10	0	9	0	0	0	0	18	19	20
N1 Non Compet Under \$250K	45	69	0	0	0	0	0	12	3	0	0	0	0	0	11	39	21
N2 Non Compet \$250K-\$5Mil	4	25	0	0	0	0	0	0	0	0	0	0	0	0	0	20	9
N3 Non Compet Over \$5Mil	1	113	0	0	0	0	0	27	0	0	0	0	0	0	0	0	60
T1 Call Orders/Task Orders	4	53	0	0	0	0	0	0	0	0	0	0	0	0	0	6	7
Total Number of Actions		231															

Action	Description	No. Actions	Pro OPs Avg	Standard	Delta
A1	Admin. & Incr.	60	20	33	-13
B1	Change Orders	3	62	30	+32
C1	Compet RFP Under \$250K	23	95	127	-32
C2	Compet RFP \$250K-\$5M	13	149	224	-75
E1	Plan Actions—No Funding	8	-	-	-
M1	Mods Non—New Proc \$250K	69	69	78	-17
N1	Non Compet Under \$250K	45	25	93	-25
N2	Non Compet \$250K-\$5M	4	113	149	-124
N3	Non Compet Over \$250K	1	53	176	-63
T1	Call Orders/Task Orders	4		30	+23
Total No. of Actions		231			

Procurement
 Technical
 Contractor

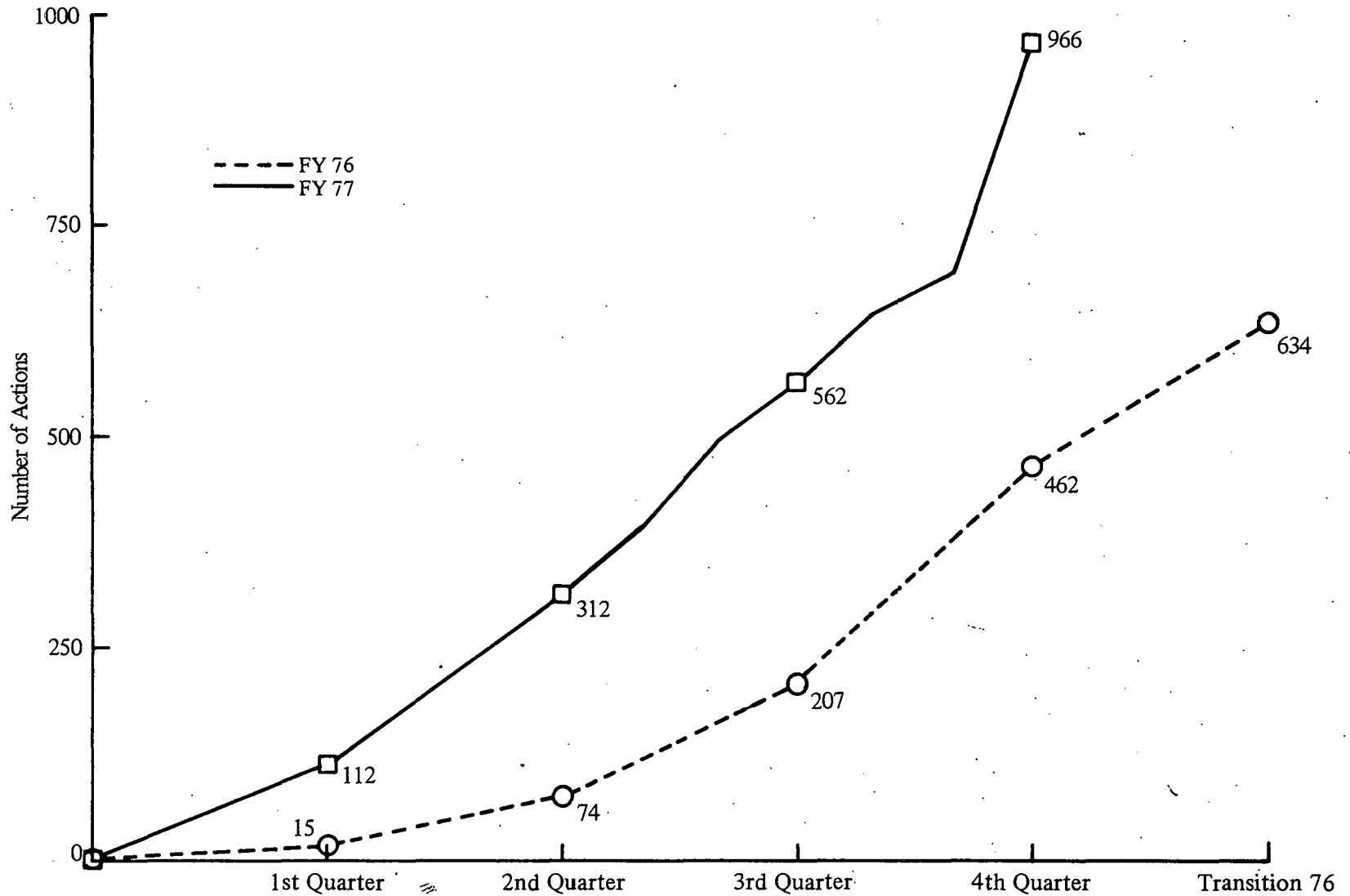
- 1. Solicitation Prepared, Co-ordinated Approved and Issued
- 2. Proposal Received
- 3. Cost/Price Eval. for Compet Range Determination Completed
- 4. Initial Technical Eval. Completed
- 5. Competitive Range Determined
- 6. Orals Completed
- 7. Revised Proposals Received
- 8. Source(s) Selected

- 9. Cost/Price Eval. for Negotiations Completed
- 10. Negotiations Completed
- 11. Documents Prepared
- 12. OGC Review Completed
- 13. HQ Review Completed
- 14. Mailed for Contractor Signature
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ACTIVE PRIME CONTRACTS AWARDED BY PROCUREMENT OPERATIONS

The following page shows the number of active prime contracts awarded by ERDA Procurement Operations. The trendline is reflective of the increasing workload of Procurement Operations over the measured period. The peak at the end of the fiscal year (June 30, 1976 and September 30, 1977) is typical of an Operating procurement office. This, again emphasizes the need for long lead-time items to be received early in the year rather than later in the peak period when many contracts should be reaching award phase.

**Prime Contract Awards
Number of Actions
Procurement Operations**



Note—Awards Through 9/30/76 do not include Nuclear Programs

Source—Pips

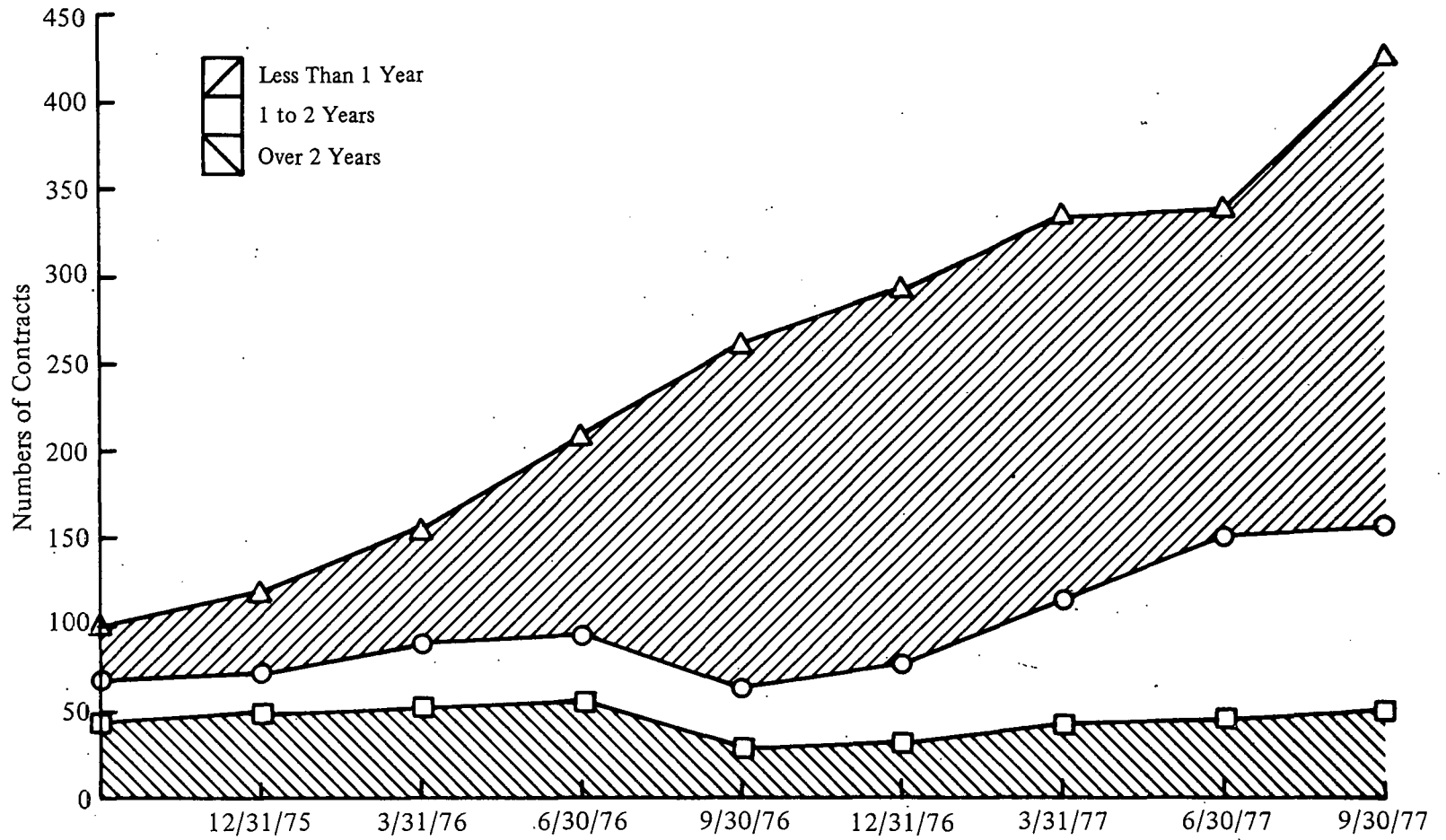
COMPLETED CONTRACTS NOT YET CLOSED

Awarded contracts are in effect for a specified period of time. Contracts do not simply become void, they must go through an administrative procedure which insures that all work was performed to which the government was contractually entitled, that all related requirements were properly fulfilled. Finally the contracts are formerly closed out and retired to storage. Issues addressed in this phase include the disposition of property, the final settlement of costs and any related audits, acceptance of deliverables by the contracting officer, verification of receipt of any required reports or documentation, and a final release by the contractor absolving the government of any future liabilities.

This procedure imposes a definite workload upon the negotiator which must be accorded second priority after the award of new contracts. A special project has been initiated in FY1978 to eliminate a massive backlog of old contracts not closed out.

Completed Contracts Not Yet Closed

Numbers of Contracts Headquarters



31	47	66	114	198	215	220	187	269
25	24	37	39	35	46	72	106	107
43	48	52	55	28	31	42	45	50

Source—CIS

**DISTRIBUTION OF CONTRACT AWARDS THROUGHOUT
THE FISCAL YEAR**

The chart below shows the number of awards by month. Note the rising volume and the large number in September, when awards must be accomplished to complete fiscal year targets. Again, the need for early receipt of PR's is clearly shown, as the ability to handle new requests is severely impaired by work already nearing completion and requiring full attention.

COUNT OF CONTRACTS AWARDED IN FISCAL 77

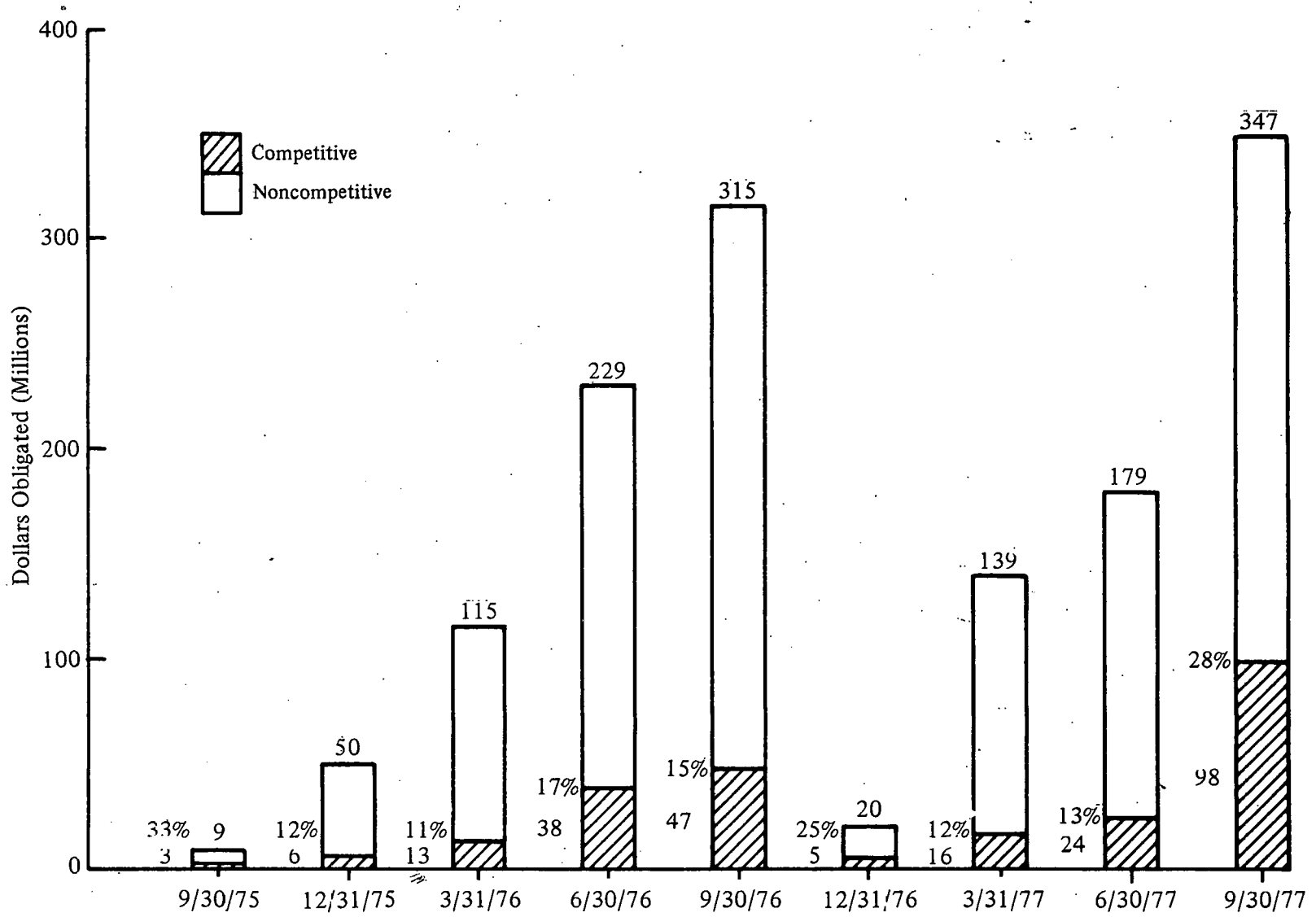
<i>Oct</i>	<i>Nov</i>	<i>Dec</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>
68.	.75	.92	.98	127.	117.	123.	154.	105.	151.	153.	423.

COMPETITIVE VERSUS NON COMPETITIVE CONTRACTS

An effective technique and general objective of government contracting officers is to utilize competition whenever possible to secure the best possible goods or services at reasonable prices to avoid creating monopolies, and to give as many firms as possible an opportunity to benefit from the market that government contracts represent.

In a research environment, particularly in new technology areas, it is often necessary to award non-competitive contracts to meet the government's objectives. In these areas the contracting officer is expected to develop a strategy of creating competition over a period of time. It is obvious from the graph on the following page that management attention has paid off, and that Operations is gradually maneuvering important segments of the energy industry into a more competitive posture. (Much of this picture also consists of a natural tendency of private industry to move into a lucrative market.)

**Competitive—Noncompetitive — Nonoperating
Dollars Obligated (Millions)
Headquarters**

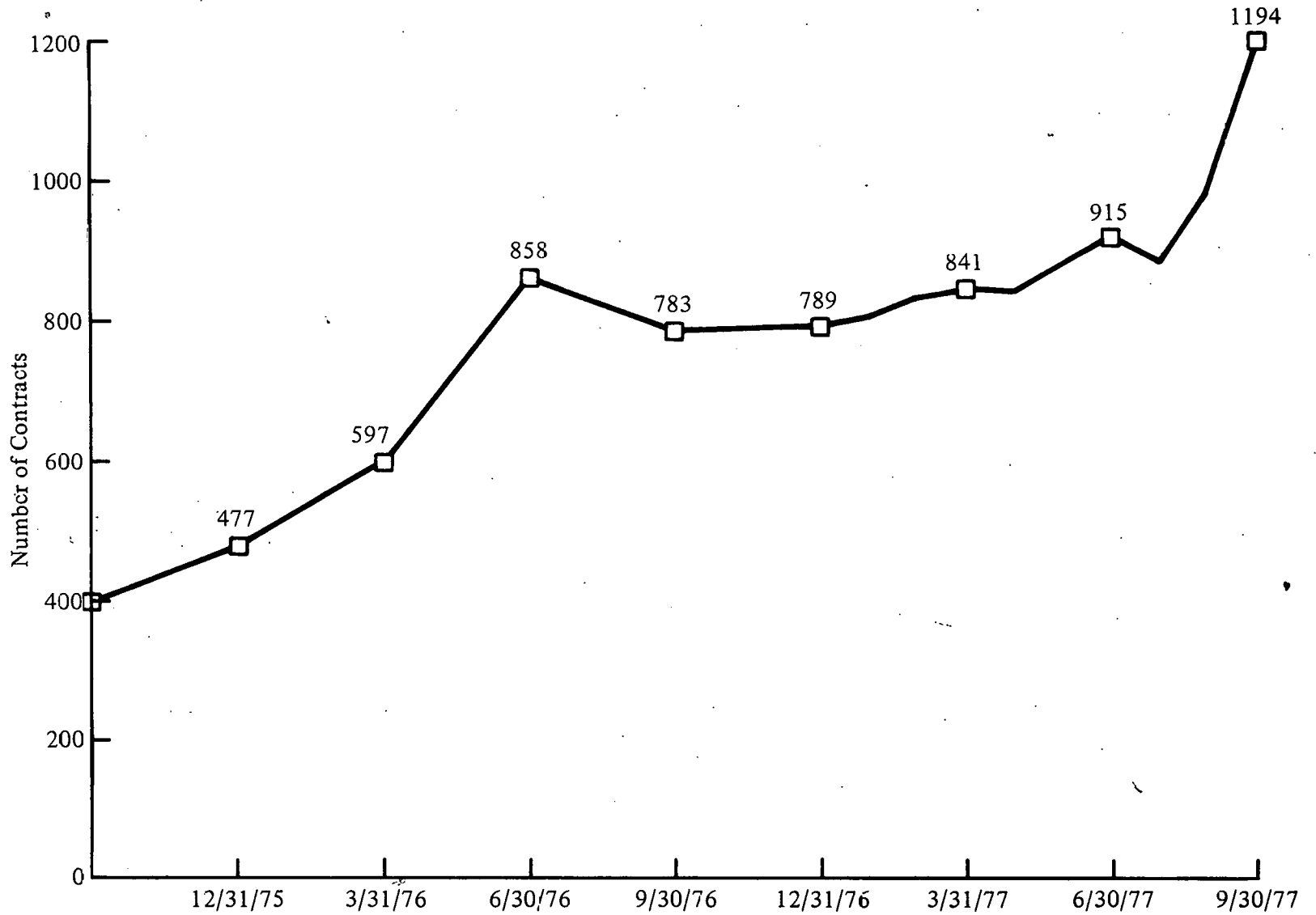


Source—CIS

CONTRACT MANAGEMENT WORKLOAD

After award, and while contracts are in force (and before closeout) a substantial amount of work is involved in contract management. Actions performed in this phase include subcontract consents, voucher approval, contract management, change and task order processing, resolution of precedents and resolution of day-to-day difficulties. The continued growth of contracts which are already awarded but not yet closed-out imposes an additional workload on Procurement Operations. The following chart shows the growth in the number of active prime contracts.

**Active Prime Contracts
Number of Contracts
Headquarters**



Source—CIS

NAVAL PETROLEUM RESERVE OFFICE

The mission of the Naval Petroleum Reserve Office is substantially different from that of ERDA. Originally the petroleum reserve areas were set up in the era of the First World War and became the direct responsibility of the Secretary of the Navy, who was in turn directly responsible to a Congressional Oversight Committee.

The Reserve's storage status was retained by Congress by the device of withholding development funds. The Navy's petroleum requirements came to be met by the Emergency Preparedness Act which permitted the Military to have first priority on commercial resources in conditions of national emergency.

As a result of the Arab Oil Boycott of 1974, a change of direction was initiated. The reserve areas were developed by the Navy under contract, and sales of the petroleum were made to the highest bidder. The Navy continued to have first claim on commercial resources in the event of a national emergency. The purpose of the development of the reserve areas was to benefit the civilian population and reduce the balance-of-payments deficit.

Current reserves are estimated to have a life of 18-20 years, attaining a peak production of 300,000 barrels per day within three years and then declining gradually. The total reserve is estimated to be one billion barrels.

There are three Naval Petroleum Reserve Areas NPR-1, NPR-2, and NPR-3. A fourth reserve, formerly controlled by the Navy, (NPR4) is currently controlled by Department of Interior and is known as "National Petroleum Reserve-Alaska."

There are basically three types of contractual arrangements handled by the Naval Petroleum Reserve procurement office:

- (1) *Lease Arrangements*, where the commercial lessor pays for its lease and obtains 7/8 of the production of the wells drilled, with the Navy retaining 1/8 for resale.
- (2) *Operating Contracts*, where the Navy obtains government-owned-contractor-operated services to operate, maintain, develop, explore, conserve and use its reserves. (These are cost-plus-fixed-fee contracts).
- (3) *Sales Contracts*, where the Navy sells petroleum to the highest commercial bidder.

There are two major operating contracts. One for NPR1 and NPR2 with Williams Brothers Engineering Company for \$120 Million awarded in FY 1977 and one for NPR3 with Fenix and Scisson, Inc. for \$20 Million awarded in FY 1977. NPR2 has been almost fully utilized and is estimated to contain only 15 Million more barrels.

The following page shows revenues from the two producing reserves.

3. SALES (REVENUE) FY 1977*

A. Naval Petroleum Reserve No. 1

	<u>Depth in Feet</u>	<u>Barrels</u>	<u>Amount</u>
Shallow Zone	2,500-4000	12,316,279.10	\$143,756,720.50
Stevens Zone	5,000-10,000	18,643,760.17	221,370,332.01
Osphalto Zone	5,000-10,000	107,885.12	1,255,837.97
Total (16 Companies)		<u>31,067,924.39</u>	<u>\$366,382,890.48</u>

	<u>Gallons</u>	<u>Amount</u>
Natural Gas	6,881,070	\$1,452,571.78
Propane	10,378,391	2,189,200.68
Butane	9,704,286	1,493,918.30
Total (10 Companies)	<u>26,963,747</u>	<u>\$5,135,690.76</u>

B. Naval Petroleum Reserve No. 3

	<u>Depth in Feet</u>	<u>Barrels</u>	<u>Amount</u>
Shannon Zone	750-1,000	168,793	\$2,467,882.79
2nd Wall Creek	2,700-3,000	206,134	3,007,853.02
Tensleep	5,500	14,263	163,923.68
Total (1 Company)		<u>389,190</u>	<u>5,639,659.49</u>

NAVAL PETROLEUM AND OIL SHALE—HIGHLIGHTS FISCAL YEAR 1977

1. Williams Brothers Engineering Company

Contract No. EL-76-C-01-7001

Obligated \$64,648,840

Exploration, Prospecting, Development and Operation of Naval Petroleum Reserve No. 1 and 2, California.

Naval Petroleum Reserve No. 1 (NPR-1) is located at Elk Hills at the southern end of the San Joaquin Valley, Kern County, California. It is 35 miles west of Bakersfield and 12 miles east of Taft. Of the 46,095 acres within the boundary, 37,554 (81.5%) are U.S. Government owned and the remaining 8,541 (18.5%) are privately owned by Standard Oil Company of California (SOCAL).

NPR-2 comprises 30,191 acres in the Buena Vista Hills, adjacent to NPR-1. Of the 30,191 acres within the present boundaries, 10,466 (34.6%) are U.S. Government owned and the remaining 19,735 acres (65.4%) are privately owned. Very little contractual work is performed at NPR-2.

2. Fenix & Scisson, Inc.

Contract No. EL-77-C-01-7003

Obligated \$4,000,000

Explore, prospect, conserve, develop, use and operate NPR-3 (Teapot Dome). The Reserve is located in Natrona County, Wyoming, approximately 35 miles north of Casper and six miles south of Edgerton and Midwest, comprising of 9,481 acres, all of which are U.S. Government owned.

3. Miscellaneous

a. Cleveland-Cliffs Iron Company

Contract No. EL-77-C-01-7002 (CPFF)

Obligated \$1,436,057

Air drill 7 coreholes in the conduct of an exploratory corehold drilling and hydrologic monitoring program on Naval Oil Shale Reserve No. 1, Garfield County, Colorado.

b. URS Research Company

Contract No. EL-77-C-01-7000 (FFP)

Obligated \$195,506

Furnish the original and two camera ready copies of the final draft environmental impact statement to assess impacts of maximum efficient production at NPR-1.

FEA—The Federal Energy Administration was tasked with developing and managing ready reserves of oil for immediate use in the event of national emergency. The nature of this program is that it requires rapid awards and consequently very fast procurement turn-around time. The procurement tracking system for FEA was manual and consequently comparison figures are not available.

FEA obligated \$494,209,000 or 794 million including interagency agreements in FY1977. The Department of Energy has adopted ERDA's procurement tracking system, and this means that full tracking and statistical data will be available for this portion of DOE in FY1978.

BOM—Bureau of Mines (Department of Interior) was responsible for the development and conservation of the Nation's mineral resources. A portion of the Bureau of Mines has become part of the Department of Energy; however, the exact scope of the portion converting to DOE is still under discussions.

EPILOGUE

The divergent elements discussed in this report were merged on October 1, 1977 into the Procurement and Contracts Management Directorate, Department of Energy. The Office of Procurement Operations is divided into four divisions: Contract Execution Division A, Contract Execution Division B, Contract Support Division and Contract Cost and Price Division.

Contract Support Division is responsible for review of contracts, contract management and contract administration, development of procedures, conduct of correspondence, ADP and non ADP reporting, budgeting, mail, files and bidders list functions.

The Contract Cost and Price Division performs financial analyses in support of the award of procurement workload. The Division makes recommendations regarding the reasonableness of rates charted by contractors or potential contractors.

Contract Execution Division A and B provide the contractual support for the Department of Energy. Contract Execution Division A and B are the actual Divisions which perform procurement negotiations and which draft contracts and solicitations documents. These Divisions are broken into Branches which consist of negotiators or "contract specialists" and they are managed by contracting officers. Each level of contracting management has authority to commit the government to a contract by signing his name upto a pre-authorized dollar amount.

Contract Execution Division A and B are divided into twelve branches, whose functions are currently divided as shown on the next page.

ORGANIZATION OF CONTRACTING DIVISIONS

DIVISION A Negotiation

<i>Branchs</i>	<i>Program Codes</i>	<i>Program</i>
A-1	ET	Nuclear Solar & Geo. Tech & Energy System improved conversion & Energy Storage System
A-2	ET	Liquifaction Oil, Natural Gas, Shale and Insite Tech.
A-3	ET	Gasification (Hi & Lo BTU)
A-4	ET, ER	Extraction R&D and Demo
A 5	ET, ER	Div. Program Control and Support Senior Staff FE Office of Univ. Activities Materials & E Group Research BR (CCU) Office of Energy Research
A-6		Power System (Direct Combustion, Adv Power System, MHD
A-7	FERC, IG, PR, GC, XS, ERA, EIA, AD, IR, IA, PE, CR, E	Headquarters Support

DIVISION B

B-8	CS	Solar, Geo, Applications SPRO
B-9	RA	All RA (Except SPRO) Naval Petroleum Reserve
B-10	RA	SPRO
B-11	CS	Conservation Application
B-12	All	(Small Purchases) IFB (Except SPRO) GSA ITEMS

Through the use of this organizational structure, Operations seeks to be responsive to the wide range of requirements which fiscal year 1978 will undoubtedly bring. It is designed to utilize the advantages-of-scale by specializing support functions common to all contract specialists and to identify contract specialists with commodity (programmatic) areas so that the peculiar demands of each such area is given responsive, personal attention.

The ERDA procurement tracking system will be utilized to provide management information support and detail and summary information on procurement actions other than small purchases. A modified small purchase tracking system has been adopted from FEA to provide procurement tracking in the small purchases area. The use of these two systems will provide broad-spectrum coverage of DOE procurements and will permit a full report on all activities in FY1978.

