

Repair and Continuity Operations of Iraq Oil Infrastructure
Pre-Proposal Conference
July 14, 2003
Transcript

[Note: Ellipses (...) indicate inaudible words.]

[Audiotape #1, Side A]

ROBERT SLOCKBOWER: Good morning. I'd like to welcome you to Dallas, in the pre-proposal conference for the repair and continuity operations of Iraqi Oil Infrastructure. I'm Bob Slockbower and I'm the Military and Technical Director for Southwest Division, U.S. Army Corps of Engineers, and I will be the emcee for the conference today.

I've got a few administrative comments to make before we begin presentations and the panel. You were all issued name tags. Would you please wear those name tags today? Also, would like you to turn off any cell phones, pagers, and all the other accouterments that we as business travelers routinely carry with us, so it doesn't disturb the conference today.

The purpose of this conference is to provide information to potential contract offerors and to answer their questions as comprehensively as possible. To facilitate this, we ask that the media hold their questions until the scheduled press conference. We've set that up right now for 12:15 in Stateroom 4, and if we finish our Q&As ahead of schedule this morning, we'll move the press conference up also, and that will be announced.

If you need to make use of facilities, they are located across the hall by the registration desk. And this room will be available this afternoon for any networking that attendees would like to do following the conference today.

As far as receipts for those of you attending, automatic e-mails were sent at the time your credit

cards were charged, and e-mail confirmations were sent to all registrants. If for any reason you need another receipt, please go to the conference registration desk and they will take care of you there.

At this time I'd like to introduce Colonel Michael Schultz. Colonel Schultz is the acting commander of the Southwestern Division. He graduated from South Dakota State University in 1975, and commissioned in the United States Army. He's had numerous staff assignments and command positions in the United States and overseas. His awards include the Legion of Merit, the Bronze Star, Southwest Asia Service Medal, and the Kuwait Liberation Medal. He was assigned as a deputy commander of Southwest Division in July 2000. When General Crear was deployed to Southwest Asia with the Restore Iraqi Oil mission in February of 2003 in support of Operation Iraqi Freedom, Colonel Schultz assumed command of Southwest Division. Please welcome Colonel Mike Schultz. (Applause)

COLONEL MICHAEL L. SCHULTZ: Well, good morning, everybody, and a warm welcome to Dallas, and I truly mean to emphasize the word "warm," because I think we're experiencing another almost-100-degree day here today here in Dallas. Bob, thank you very much for that introduction this morning. Could I have the next slide, please?

On behalf of General Robert Crear, the commander of Southwestern Division and currently the commander of Task Force RIO, I want to welcome you here to Dallas and our pre-proposal conference here this morning. I would like to say that General Crear probably would have preferred to be here today and welcome you personally, but I think he's having too much fun currently in Iraq, with meeting the challenges there and working with the great civilians, soldiers and contractors that we currently have on board there, working to restore the Iraqi oil system for the people of Iraq. He was in Kuwait before the war began, and making final plans to quickly extinguish the anticipated oil fires that we were looking towards with the event of hostilities and then begin the repair of all the damage that we anticipated to occur after the war and following some of the sabotage that took place. He was with the newly reestablished Iraqi Oil Ministry as the first oil exports were made out of the Northern oil fields and the Southern terminals here just

recently.

Today the mission continues to focus on importing fuel products, restoration of the oil system itself, involving all of the myriad of pipelines and systems and other equipment associated with that effort over there, restoring communication systems to help with the export of the product, and replacing looted equipment, which has been a significant challenge for us over there. Next slide.

Just a small commercial up front. Being a member of the Armed Forces, I'd like to tell you a little bit about what we're about. I, along with the United States Army Corps of Engineers, am a proud member of the United States Army. Your Army is a strategic instrument of the national policy for this great country, and has served our country well in both peace and war for over two centuries.

Your Army's soldiers have been on point for the nation for more than 228 years, serving selflessly both here at home and around the world to preserve the freedoms that we all enjoy here today. Our nation has soldiers currently deployed in over 120 countries, along with members of the great other parts of the Armed Forces -- the Marines, the Air Force and the Navy -- all paying a pretty high price, as you can see almost daily in the news, for the liberties we enjoy here today. Next slide, please.

The Corps' mission is to provide solutions and public service for the Army and the nation, and we're extremely proud of that mission. The Corps of Engineers has 35,000 employees focused on that mission, both military and civilians scattered worldwide, and have made valuable contributions, again, for more than 228 years of this nation's history.

The Corps is a global organization working across the spectrum from peace to war and all aspects in between, and we're probably the only organization like it in the world. The Corps provides these services through its headquarters in Washington, DC, its eight division offices, one of which is located here in Dallas, and the 41 districts that are scattered worldwide. In fact,

today we are currently engaged in 93 countries around the world, with more than 350 employees of the Corps of Engineers currently deployed in support of both Operation Iraqi Freedom, and let us not forget Operation Enduring Freedom in Afghanistan as we still have employees there. Next slide, please.

A little bit about the division that you're associated with here today, in this particular mission. This division has served the southwestern part of the United States since 1937, overseeing hundreds of water resources development projects and the design and construction of facilities for our Army and Air Force installations located within the Southwestern Region. Since that early beginning, our regional team has continued to grow in expertise and missions, and the mission we're about in Iraq is just a great example of one of those recent mission growths for us. Constantly seeking innovative solutions for present and future challenges.

Our division currently has 3,200 personnel in it, located in four district offices, as depicted on the map here. The division headquarters, as I said, located here in Dallas, is responsible for a pretty diverse portfolio of projects in all or parts of seven states located in the Southwest. The annual programs totaling for our division here is just a little bit over a billion dollars. This same great team makes up the nucleus of the Task Force RIO that's currently located in Iraq that's meeting that new challenge and opportunity head on. Next slide, please.

Task Force RIO was established in Kuwait just ahead of the start of hostilities. Our initial effort concentrated on getting a contracting capability or a contractor capability for firefighting set up and operational immediately ahead of the hostilities. Initially, we also rehearsed the military units and trained their troops on what they would experience in the oil fields and how to recognize some of the inherent dangers, since those were going to be some of the first objectives they were to seize. We also trained some of the units to assist in the shutting down of the oil system since we found many of the oil systems over there were continuing to be in an operational mode, and put it in a safe mode early in the combat operations so that we wouldn't further damage the oil system.

We were fortunate that the damages were not as severe as anticipated, and you've seen a lot of those projections in the newspapers in how the press covered that. In many of the facilities, we were fortunate, were captured intact. We extinguished nine oil-well fires with the assistance from the Kuwaiti Oil Company, who volunteered early on to help with that effort. As hostilities diminished, we began making emergency repairs, and concentrated on minimizing the damages to the environment which were already occurring over there. As the security and safety conditions allowed, we began making damage assessments and initiating repairs to get the overall system operational and first oil flowing in both the North and the South.

We also began clean up of oil spills that were in country, and import and distribution of fuel to the citizens of Iraq, which amounted to trucking in LPG and benzene for their domestic uses, and have set about getting the system in a state of readiness for operations as being directed by the Oil Ministry of Iraq, which is a fully functioning government entity over there. Next slide, please.

This chart depicts many of the ongoing activities in the current post-hostilities period that you see happening over there today. As I said before, the Iraqi Oil Ministry has been reestablished and is a fully functioning partner with us, and we're taking a lot of our direction from that Ministry now as we go about business over there. Both General Crear and Gary Loew, our Director of Civil Works and Management, are deployed to Iraq currently, and are working closely with the Iraqi Oil Ministry towards the goals of sustaining capacity of over three million barrels of oil a day, and that's the goal or target we're shooting for.

Importation of fuel for domestic needs has been one of our bigger tasks early on, but as production increases, that need of importation we see will be dropping off and decreasing. The Iraqi Oil Ministry has begun exporting oil in the North, which began on the 21st of June, and on the 28th of June we began exporting oil out of the South. The Northern Iraqi Oil Company is up and running right now, and has issued a contract to repair their critical 40-inch pipeline through Kirkuk, and until this is completed, the production coming out of the North is somewhat limited at this time. Production in the South has increased dramatically since exportation has begun, and

overall we are at about 50 percent of our goal in the Southern oil fields.

Minimum damage caused by the war and the mass looting and targeted sabotage after the war have caused varying levels of damage across the entire oil system, and make the production of oil an ever-changing challenge for us over there as we go about trying to determine through assessments exactly what the workload and requirements are needed to meet the goal for the Iraqi Oil Ministry.

At this time I again want to appreciate your attendance here today. We're about answering your questions in this pre-proposal conference. I'd now like to ask Gordon Sumner, our Director of Contracting for Southwestern Division, to come forward and talk you through some of the acquisition strategy and a little bit about the process ahead. Thank you. (Applause)

GORDON SUMNER: Next slide, please. I'm Gordon Sumner, as Colonel Schultz mentioned. I'm the Director of Contracting for Southwestern Division, United States Army Corps of Engineers. I, too, would like to welcome you to Dallas, and we sincerely appreciate your interest in our requirement. It's a good crowd. I hope that today we're able to answer any of the questions that are out there, and as many as possible.

Like any plan, you have to put together your milestone chart which starts with your strategy. Believe it or not, we've come a long way already. We have a long way to go, but today is another milestone that we're crossing that we're very proud of.

Our acquisition strategy was approved in June, and the plan, which was more specific to exactly what the Corps of Engineers Southwestern Division will be doing, was approved roughly a week after that. We were able to issue the synopsis, finally get the solicitation out on the street to you all Thursday, I believe, and I hope you've had a chance to review that and you're ready to come to us with some questions.

The next milestone that we're concerned about is the receipt of proposals. That receipt of

proposals will be your technical solution to our problem, as you see it. At that time we will have a team evaluate the proposals and we'll come to a down-select of the final people or teams, joint ventures, companies that have a solution that we feel real comfortable with. At that point we may or may not decide to have oral presentations. I want to tell you, if we get to that point and you're invited to an oral presentation, you're not going to have a lot of time to put things together either. This is a very aggressive milestone chart to make our award.

After we come up with the final two successful offerors/proposers, we'll have to go ahead and notify our headquarters and go to Congress before it's released to the public. That's about a two-to four-day process, and then finally the awards will be made. Next slide, please.

In an effort to keep the questions down, we'd like to go over what -- well, let me back up. When you guys dialed the 1-800 number for information on Restore Iraqi Oil, I was one of the guys at the final end of the telephone. These are a synopsis of the major questions that I received from you and from other interested offerors, so I thought we'd take the opportunity and try to knock out as many as I could here up front.

First of all, the question was: What is "source selection" versus "low bid?"

When we do source selection, factors other than price are considered more important to the government to meet our needs. Not saying price is not important but there's more technical and engineering and management items we see as more important, therefore, we can't automatically go with whoever has the lowest price. For instance, past performance is very important to us. Experience, business and management approaches, and your oil field capabilities are the primary evaluation factors that we're looking at.

The next question: What about past performance, if you've never done a government contract before?

Well, officially, you're given a "neutral" rating. However, we all have a history. You have a

history, your managers have a history, your engineers have a history, and so do your prime subcontractors, so there's history out there available. It may not be doing government contracts but it could be for another country, it could be for another firm, it could be another oil company.

Next question: Why are you limiting the submittal to a hundred pages? Doesn't seem like enough space.

Well, this is an aggressive schedule. There's not a lot of time to evaluate. We feel, and we've seen in the past on other RFPs, where people can put together in a hundred pages and sell their capabilities to the government. If you make it to the competitive range and we do decide to go ahead with the oral presentations, at that time there will be a little more leeway and a little more definition that you can put into it. But we have such a short timeline and we're expecting a number of proposals. We feel this is the best solution at this point to keep the proposals to a minimum. Next slide, please.

When is the award expected?

I can't push this enough. We are on an aggressive schedule. Some of you that are used to doing government contracting and making proposals, know that some of those processes can last up to a year. We're hoping to have an award by mid-October, with people on the ground and in country at the end of November and early December turning wrenches.

Next question: We have never done a contract before with the government and we're not familiar with the cost accounting standards, and we're not familiar with government-approved property control plans, nor purchasing plans. How do we get one?

For a cost-type contract to work, which is what we're anticipating awarding, your accounting system must be accurate, timely, dependable. Defense Contract Audit Agency will come in there and make sure, and we have a representative here today from Defense Contract Audit Agency. Most large and public businesses have purchasing systems and property accountability systems

and accounting systems, and we're not going to walk in and ask you to change yours, but we just want to show you -- we want to go in and see how you track costs, how you are accountable for property, how you do your purchasing.

For instance, on the purchasing aspect, when we ask you to go out and buy a huge piece of equipment, you need to go through the same processes I as a contracting officer would have to -- the synopsis, the RFPs. You may be doing on low bid but you may want low price, technically acceptable. You may want, like us, where price is not the most important factor, but you're going to have to follow those same purchasing processes that we do as government buyers.

And a note on this. If you make the competitive range and you don't already have an approved accounting system, property system and purchasing system, we will send auditors in there to evaluate it. At that point, don't construe that as that you're pending award. It's that when we down-select to a number of people, we want to get everybody back on the same basis before we make that final award. So you may be asked to let our auditors into your doors and go through your books. That's going to be part of this process, especially for the successful offeror.

What about the security for our workers?

The DoD is to provide security through several means. It's a CENTCOM mission to provide security to contractor forces. But, like anything else, you may be called upon to provide your own security. At this point it looks doubtful, but again, as you can see from our Statement of Work, we're really not sure what we don't know at this point. But it is a CENTCOM mission to provide security, and that's currently what's going on.

What about the use of government property and DoD transportation?

Most of the government property that's already in the country, the government-owned property in the country, will be transferred from KBR, Kellogg, Brown & Root, our sole-source contractor, to the successful contractors. As equipment needs arise, you will acquire it for us,

become accountable for its proper use and maintenance. At the end of the contract, a contracting officer will advise you how to dispose of the property. On use of DoD assets for transportation, it will be on a strictly case-by-case basis. You will be expected to provide your own means of transporting your needs to fulfill the contract.

What about health care, passports, immunizations, Worker's Compensation for employees working in Kuwait or Iraq?

DoD will provide health care, again, on an emergency and case-by-case basis. Passports are the responsibility of contractors. Currently as contractor employees deploy to Kuwait and Iraq, they either process through the United States Army's Central Replacement Centers, and we have several of those here in the United States -- Fort Bliss, Fort Sill, and I believe Fort Benning in Georgia -- and other contractors have their own processing centers within their facilities. During this procedure, immunizations are brought up to date, wills written, personal safety items issued, and general physicals given. Workman's compensation does not apply overseas, and you will need to obtain insurance in accordance with the Defense Base Act.

Final question: How does base fee and award fee work, and how much can we ask for?

A fee is just that, it's a fixed amount of dollars that's negotiated between the contractor and the government during discussions prior to award. This amount is currently -- and we plan to negotiate the fee on every separate delivery order. The percentage of cost negotiated prior to award is applied to the bottom line as the cost element. This is not a cost-plus percentage compensation whereas we make changes through the delivery order that we automatically add three or ten or twelve percent, whatever the award fee is. Rather, it becomes a fixed fee on that delivery order unless we change the scope of that delivery order.

The base fee is the reasonable compensation for your everyday duties. It is billable and payable on every invoice you submit, kind of like a guaranteed minimum profit. The award fee is different in that upon the definitization of the order, this fixed pool of money is set aside and not

billable on your weekly, biweekly or monthly invoices. Again, we urge you to propose what you feel is reasonable, and it is a negotiable item if we get to negotiations, *when* we get to negotiations rather. Either quarterly or semiannually an award fee board will meet and determine how closely the contractor came to exceeding expected performance.

Performing in accordance with the contract is zero fee, zero award fee. The award fee is for time-saving solutions, cost-saving solutions, safety solutions, environmental clean-up and concern solutions. That's what the award fee is made up, and that's how that's given to you. It's done on a scale of 1 to 100 and a 70 is performing in accordance with the contract which is zero fee. It's a sliding scale from a 71 to a 100 on the percentage of fee. And again, if you get a 100 then you get 100 percent of the set-aside fee.

And that's where I am complete. Thank you.

ROBERT SLOCKBOWER: Could you please put up the panel slide, please? Panel members, please come up to the stage.

I'd like to welcome you now to the panel portion of the conference. What we've done is we've set up two microphones. One here is in the front, one in the back. What we'd like you to do is, when we actually get into the Q&As which will be just in a few minutes, I'd like you to, if you have a question, please come to either the front mike or to the rear mike. What I will do is I will rotate between those two mikes back and forward. If for some reason you're unable to come up to the microphone, please raise your hand. We have a mobile mike that we will bring to you and then I'll work you into the rotation.

When we start the actual panel discussion here, what I will ask each of the panel members to do is to briefly either introduce themselves or reintroduce themselves and explain what their role is in this process and also what organization that they represent. I'd also like to remind you that if there are questions that belong really appropriately into the press conference, we will have a press conference following at 12:15, or if the session finishes earlier we'll be able to move that

thing forward, but I'll make an announcement to that effect if we do that.

There will be a transcript of this presentation, and in the attendee list, what will take place is that transcript will actually be sent out within about one business week. The transcript will have a full transcript of the discussions that take place here today, and they will be sent out electronically in a Word file, and that Word file will go to your registration address. If there are any questions that for some reason we're unable to fully answer during the session here today, we will be able to answer those questions in the written transcript and get that back to you as part of these proceedings.

With no other further ado, I'd like to introduce the panel members.

GORDON SUMNER: Again, I'm Gordon Sumner, Director of Contracting, Southwestern Division. I'm here to answer the contract-specific questions.

TIM CARR: My name is Tim Carr. I'm with DCAA. I'm a regional audit manager located here in Dallas, Texas. We're the folks that do the audits, so you'll see a lot of DCAA people either after award or before.

DARRELL ALVERSON: I'm Darrell Alverson, Chief of Technical Engineering and Construction here in Southwestern Division. My role in this mission has been to coordinate the technical requirements with our team in Iraq. Also the funding requests and other task orders, provide whatever support they're required to do. Working right now with Team RIO also in the Contract Administration portion of the thing, making sure the system works there.

Can't stress strongly enough in terms of advice to reading the instructions very carefully, very thoroughly. Make sure your plans respond to those instructions and respond to those things. Please don't forget and get kicked out on a technicality here for missing one of the good instructions. Best advice I can give you. Address all those instructions very carefully in your proposal back to us. Please communicate your plan to accomplish this Statement of Work as

thoroughly and succinctly as you can. Obviously Gordon says you've got a hundred-page limitation, so it needs to be good and succinct. And make sure you can perform the work for each item that's in this Statement of Work.

Also, we've got a North contract and a South contract. Just make sure that you communicate to us if you're coming after work in the North, if you've got a specialty for the North contract or if you've got a specialty in the South contract, or if you're interested in both please say so out loud. Make sure you communicate those things.

Make sure you provide good references. Please don't give us references we can't get hold of. Make sure those references are available by phone line or make sure we can get to them. And please remember that human beings are going to sit and read your proposals. They're going to read through every one of them in a short time, so be clear in communicating your plan and make sure that you edit it also and it says what you need to say, because these human beings are going to have a lot of work to do in evaluating all these proposals.

MORRIS TANNER: I'm Morris Tanner. I'm the Southwestern Division Counsel, and I have a couple of comments I'd like to make before we get into the general questions.

The first is that we have a lot of uncertainties in this contract. We have put out on the Web for you all to look at a Rough Order of Magnitude which has been developed by our Team RIO over in Iraq, and that does not represent the work which we anticipate will be done under the contract you're competing for. It represents the sum total of the work that we know is out there as of the time the Rough Order of Magnitude was completed, which is about three weeks, three or four weeks ago. That can change. Some of that work, of course, it contains a schedule, and a lot of that work will have been awarded by October, even if we're successful in getting this contract awarded in October.

There are things that can change the amount of work that's available. As you know, there continues to be sabotage over there. There may be intentional sabotage. There may be more

looting. Some of that could happen. Damage to a large plant could affect drastically the amount of work which is available. What we have done is provide you the best information we can on the type of work which is available and the best information we can on when we think that work will be awarded as of three weeks ago.

Having said that, I will also say that another factor that can affect this is the capabilities of the Iraqi Oil Ministry and the companies that work for it. There are a number of political decisions being made, some of which encourage very strongly the use of these companies to do whatever they are capable of doing. So the ability they have to reconstitute their work force and do work may end up affecting the scope of our contract. We do not know at this point exactly how quickly they will reconstitute their work force and be able to execute some of the work that is done here.

Another thing that may affect us is funding. You will no doubt notice that we have issued this solicitation subject to the availability of funds. There is a dollar figure in the Rough Order of Magnitude estimate of \$1.68 billion. That includes 20 percent contingencies and could vary up or down by a 40-percent factor. As of this time, we have been provided a total of \$489 million by the Congress in appropriations. Other funds are available such as seized Iraqi funds, but we do not have the only requirement that those funds will be used for, and we don't know exactly how much of those funds we will receive, nor do we know exactly what will be in next year's budget to satisfy this requirement, or in the next supplemental, for that matter. So the amount of funding which is available, of course, may affect the schedule. If we don't have enough money to do the work which is necessary to be done by October we obviously won't be letting as many of the contracts as we would otherwise.

Those are the only comments which I think I need to make at this point. Thank you.

ROBERT SLOCKBOWER: Thank you very much. Now it's time to break the ice with questions from potential offerors. What I ask you to do is move to whichever mike is closest to you. If we get two or three people lined up, just kind of wait there in turn, and I will rotate back and forth

between the two mikes. Also, for the record, and to be sure that we have a complete transcript, I'd like you to provide your name and the firm that you represent so that could also be included in the transcript.

Are there any questions? (Pause) Going once. Oh, thank you very much. (Laughs)

DAN TEARPOCK: I'll break the ice. That sounds like a good thing to do. My name is Dan Tearpock and I'm with Subsurface Consultants & Associates out of Houston, Texas. The question I have, which I haven't been able to have answered through the Web sites, is this. We're not a company involved in construction or pipelines or facilities. We're a consulting company that helps find and develop oil and gas. We develop oil fields doing geology, geophysics and engineering, reservoir production engineering, things like that, generating maps, interpretations with seismic data to help enhance and develop the fields or find new fields. I haven't seen much in the literature of that aspect, and to me that seems like a really important one, to go back and evaluate the fields as they exist today and see how they can be redeveloped, find new development locations, new exploratory potential, and I'd like to know where we can go to find that kind of information. Most of what I've seen deals with construction, facilities, repair, and things like that.

MORRIS TANNER: Okay. I will start out by trying to give you an answer to that. The mission which we were assigned is to restore damage which was done as a result of Operation Iraqi Freedom and get the oil fields sort of back into the shape that they were before the shooting started. So we do not have an assigned mission of redeveloping the oil fields or drilling new wells or doing any of that sort of thing. It is my supposition that that will all be done by the Iraqi Oil Ministry under whatever provisional government is established. Does anybody have anything they want to add to that?

DARRELL ALVERSON: That's the best answer he can give you right now. Like the name implies, it is restore only.

DAN TEARPOCK: Thank you.

ROBERT SLOCKBOWER: Thank you.

MIKE HYLAND: Mike Hyland with the Snamprogetti. Since you're not getting any questions, let me make one suggestion. I was traveling and I have not seen the document yet. I wonder how many people in the audience have seen the Thursday document. Maybe if that's not the case, maybe reviewing some of the elements might help stimulate a few questions.

ROBERT SLOCKBOWER: Gordon, any comments?

GORDON SUMNER: We were hoping people would have time by Thursday. I understand it was a very short fuse, but we didn't bring copies of the solicitation with us.

[Panel discusses off-microphone among themselves about who has a copy.]

ROBERT SLOCKBOWER: While Darrell is doing that, sir, we'll go ahead with the next question.

JOHN JOHNSON: Hello. My name is John Johnson with RONCO Consulting Corporation. Is the prime contractor going to be responsible for clearing the unexploded ordnance and land mines that they may encounter?

GORDON SUMNER: No. We have a contract with a firm out of our Huntsville Center that has explosive ordnance people under contract in country right now removing that. If you were to stumble upon it, you would just call us and we would send someone out. (Laughter)

ROBERT SLOCKBOWER: "Stumble" may not be exactly the best term to use on that. I'd like to take the question from the rear mike, please, sir.

JOHN DOUGHERTY: Okay, thank you. My name is John Dougherty with WGI Washington Group, Middle East. We have the package and I have five questions, if it doesn't overburden you.

First, what is the correct address to submit written questions found in this conference? Is there an e-mail and will they be distributed to everybody the responses?

GORDON SUMNER: There's a point of contact in the contract.

JOHN DOUGHERTY: Okay, thank you.

MORRIS TANNER: It's on the Web site.

GORDON SUMNER: On the solicitation.

JOHN DOUGHERTY: In the contract there's wording to the effect that pending the assignment of a task order, if I have the words correct, reimbursement is at the 85-percent level. When and where does the other 15 percent come from? The words are to the effect that the contractor will be reimbursed at the 85-percent level pending some event, and that also includes any subcontracts that the contractor executes will only be reimbursed at the 85-percent level, but it's not clear when the contractor would get the full reimbursement, the other 15 percent.

DARRELL ALVERSON: Is that retainage? Is that what that is? Is that considered retainage?

JOHN RODGERS: I think what you're talking about is probably the 15 percent is a retainage until final billing and final audit and all of that has taken place. **ADDITIONAL INFORMATION: THE QUESTIONER IS REFERRING TO PROVISION H-25, METHOD OF ORDERING (UNILATERAL AND BILATERAL) AND FAR 52.216-26, PAYMENTS OF ALLOWABLE COSTS BEFORE DEFINITIZATION. IF UNILATERAL ORDERS ARE ISSUED, THEN "...PAYMENTS TO THE CONTRACTOR SHALL NOT EXCEED 85% OF THE ALLOWABLE COSTS OF THOSE SUBCONTRACTORS."**

ROBERT SLOCKBOWER: John, can you introduce yourself and also your role in this process?

JOHN RODGERS: My name is John RODGERS. I'm the Contracting Officer at Fort Worth District, and Vernon Vann and myself are your points of contact for contracting questions, technical questions. We'll get the questions to the right parties during the process.

ADDITIONAL INFORMATION: SUBMIT QUESTIONS BY EMAIL

vernon.d.vann@swf02.usace.army.mil (817) 886-1049 or john.h.rodgers@swf02.usace.army.mil (817) 886-1048.

JOHN DOUGHERTY: Thank you. If I can continue on with my list here, if that's all right.

ROBERT SLOCKBOWER: Please go ahead.

JOHN DOUGHERTY: Okay, thank you. To make sure we have the complete package we downloaded, I think there are four files on the Corps Web site. One is a compressed EXE that looks like it's redundant to the other. Could you either state or publish what the complete bid package is so we know we have all the elements?

JOHN RODGERS: Yes. You'll see on the Web site the four files. The first file is labeled as the solicitation package that's available for viewing on the Web site. The EXE file is if you want to download the contract package to your own computer and have it workable, you can do that. And then there is like an information file with all of the plan holders list, and I can't remember the other one, but I think it was a text file that explains the EXE file.

JOHN DOUGHERTY: But those four files are the complete package that exists to date.

JOHN RODGERS: That's correct.

JOHN DOUGHERTY: And will supplements be posted to that site or e-mailed out to the

participants?

JOHN RODGERS: Yes. Anytime -- basically the instructions on the Web site are that any amendments that we issue, it's the contractors community responsibility to be tracking that Web site to see if there are any amendments. We try to put out e-mail notifications. When we get to an amendment we'll click on that and we'll send out e-mail, broadcast an e-mail notification that an amendment has been posted. So you need to really keep track of that Web site and keep watching it.

JOHN DOUGHERTY: Okay, thank you. That's clear. Second from last -- only two more to go; thanks for your patience -- on Page 19 of the draft contract, the lines regarding award fee and the base fee are left blank. Presumably that's what we are bidding to and those will be incorporated in as part of the contract. In other words, you're not going to state a percentage for those two items.

GORDON SUMNER: No, you need to propose a percentage for those two items.

JOHN DOUGHERTY: Okay, thank you. And the very last question -- thanks for your patience - - there are two pro forma tasks in the package. Roughly they are firefighting and evaluation analysis, if I characterize in that way. What is the relation of those two pro forma tasks to the actual? Are they anticipated to be embedded into the contract or are they to develop a test case, so to speak, for evaluation purposes?

DARRELL ALVERSON: It's actually put in there as a sample cost proposal. The costs, obviously, are not binding because it's a cost-plus contract and the actual task order will, in fact, dictate what you provide. But those are, in fact, two actual things that we will ask for, and are also contained in Section J of the proposal or the scope of work itself. But those will be real provided services, yes, sir.

JOHN DOUGHERTY: Thank you much. That's all.

ROBERT SLOCKBOWER: Thank you, and I'm going to pass it to the front microphone, and I appreciate your patience, sir.

KEN OSCAR: Good morning. I'm Ken Oscar from Fluor Corporation. Throughout the RFP it refers to a nine-page Statement of Work in Section C. There is no Section C. There are several things in Section J, one of which is an eight-page, looks like a -- I don't know what it is exactly.

GORDON SUMNER: A menu.

KEN OSCAR: It looks like a statement from a previous contract you had. As a matter of fact, the top of it says, "LOGCAP." Then there's a ROM. What is the Statement of Work?

GORDON SUMNER: It's actually that listing in J. And again, that listing is a menu. We don't know today what requirements we will have to draw upon, which task orders within that menu that we will need, but you need to be prepared to do everything within that eight-page, nine-page menu. And the wrong--

KEN OSCAR: So the first document in J is the Statement of Work?

JOHN RODGERS: Yes, you are right. Probably for ease of finding it should have been right there in Section J. It's only nine pages but it is part of the Section J Statement of Work, nine pages. That is the Statement of Work. **ADDITIONAL INFORMATION: AN AMENDMENT WILL PROVIDE CLARITY.**

KEN OSCAR: Okay. Thank you.

ROBERT SLOCKBOWER: To the rear mike, please.

KATE ORLOSKI: Hi. My name is Kate Orloski. I'm from General Marine Leasing. I have a

broader question. We supply portable buildings, housing, catering services to the offshore oil and gas industry, primarily in the Gulf of Mexico, and since going public we're looking at expanding our operations. We have submitted proposals and bids to the U.S. military in this type of application on our own, just as a building company with services. We have provided buildings to the U.S. military but only in the U.S., and we have lost out to foreign competition three times now. I guess my question is, in all honesty, do we have a chance at being considered for something like this if we go it alone or do we really need to be joint venturing with a company that has operations in that area or has completed operations in that area before?

GORDON SUMNER: We do not have the manpower to administer a number of contracts. That's why we're only wanting to award two contracts. Each of the contractors would encompass the complete Statement of Work which will include life support, which could include buildings, permanent, temporary and whatsoever. But we're not in a position to award separate contracts for the elements that will be needed in Iraq and Kuwait.

KATE ORLOSKI: Within the joint venture package where you're submitting all the services, do we need some kind of foreign representation, someone who's over there on the ground right now? Does that increase your chances at all? No?

GORDON SUMNER: No. We're looking for world-class teams, joint ventures or companies.

KATE ORLOSKI: Thank you.

ROBERT SLOCKBOWER: Thank you. To the first microphone, please.

DEAN TURNER: Good morning. My name is Dean Turner. I'm with Saipem Group officed out of Houston. I was sent here on the understanding that tender documents were going to be issued at this meeting. To my knowledge, we haven't received the package that was issued on Thursday, and I was wondering is it possible to receive a package or is there something we can do to get on the list?

JOHN RODGERS: Let me address that, because basically the Fort Worth District Contracting Agency, when we issue a solicitation, it's on our Web site, and that is the official solicitation. If you were to receive one printed here and someone handed it to you and I couldn't control the quality of it, the accuracy of it, well then you'd be coming to me if you had a problem with it. So there is a Web site, Fort Worth District Contracting Division. It was in the FedBizOpps. We can give it to you if you don't have it. Go to that Web site and download the solicitation document. I'm sorry for any kind of communication that might have said that you were going to get one here, but that--

[Audiotape #1, Side B]

DEAN TURNER: --is it correct then? I can just go to the Web site and download the tender document and we make a submittal.

JOHN RODGERS: Yes.

DEAN TURNER: Okay. Thank you very much.

ROBERT SLOCKBOWER: Thank you, sir. To the rear microphone, please.

JOHN ROBERTSON: I'm John Robertson, JGH Robertson & Company. We handle U.S.-U.K. military liaison, and my questions are really addressed to security. I have a number of detail points with me I have to resolve, but I'll pass these to you separately, but they generally follow from this line, that about 50 percent of this, the Southern oil fields, lie presently within the tactical area of operation of the British Armored Division. That will have certain consequences that I don't think are terribly clear in the documentation I've seen. As one company already knows that's working out there, they as a result of that are subject also beyond USCMJ responsibilities to the U.K. Service Discipline Acts. So that will have to be resolved, I guess, in some sort of detail, but can we presume from the statements in the solicitation document that the

CENTCOM mission of protection will extend down to include that the U.K. Armored Division will also be tasked with protection of the working parties?

[Several panelists whisper yes.]

DARRELL ALVERSON: Basically, the answer to your question is yes. We characterized it as a CENTCOM mission but it's a Coalition mission for security there.

JOHN ROBERTSON: Sure. The point I'm making Darrell, to be specific with you, when I do know that the British Division at the moment surely are providing general security for folks working there, but (off-microphone) ... a little more protection, just moving protection, moving your personnel back and forth across the ... so that including the liaison ...

DARRELL ALVERSON: We have a team in place. We've got three offices there, one in Kuwait, one working with the Southern Oil Company, one in Kirkuk also. That is their job to help coordinate these security requirements. And I agree with you that it does cross the lines. The British do have control of the South, okay, but that coordination is taking place and those convoys are being protected.

JOHN ROBERTSON: Okay. So we'll find a solution out of it in the team part.

DARRELL ALVERSON: Correct. The team over there will make that coordination.

JOHN ROBERTSON: Okay. Just a couple more. It's a question of clarification more than anything else. You talk about the DoD responsibility for medical assistance. That presumably will extend also in that TAOR to casualty evacuation?

MORRIS TANNER: That's emergency.

GORDON SUMNER: Yes, sure. Emergency.

JOHN ROBERTSON: Yes, okay. And it also talks at one stage about government issue of certain materials including weapons. Does that extend to beyond contract personnel who are designated, the few that will be designated, to also include contracted security personnel, or they could be expected to get their own?

DARRELL ALVERSON: We're going to have to get back with you on that, John. I don't have that one off the top of my head.

JOHN ROBERTSON: Yes, I thought you might. I mean, there's a list of a whole bunch of other kit that follows on from that, but you see, it will affect costs and a lot of other things.

DARRELL ALVERSON: And it's whether the government is issuing weapons, and there's ongoing negotiations.

JOHN ROBERTSON: Oh, it goes to radios, it goes to a whole bunch of things you need to cooperate with the military.

DARRELL ALVERSON: Right. There's ongoing negotiations over there trying to get those things settled right now. I'll just have to ask the team for it, if they have a resolution to that one.

JOHN ROBERTSON: Sure. Well, I'll let you try to have a shopping list of what I think might be important. Thank you.

ROBERT SLOCKBOWER: Thank you, sir.

GORDON SUMNER: But I wanted to add, in our two scenarios, that's where we want you to put your cost proposal information there, so we can evaluate it on those two, fighting the fires and then the operations.

ROBERT SLOCKBOWER: To the front mike, please, sir.

SANDY DAVIS: Sandy Davis with the Fluor Corporation. First of all, I assume you will be answering questions that have already been submitted. We submitted a list of about 15 questions electronically. If you haven't received those then we can resubmit. Okay. Start you off with just some admin questions, while some others think of other questions here.

The Small Business Plan. You've included a requirement in here for a small business plan by large businesses indicating that the Fort Worth goal is 57.2 percent of subcontracted dollars to small and disadvantaged business, etcetera. Traditionally, as we understand, this does not apply to international work. Is that still a valid requirement, and if so, do you still expect us to try to shoot for the 57.2 percent?

GORDON SUMNER: We expect you to shoot for whatever the industry norm is. We're not real familiar with how much small and small/disadvantaged subcontracting can be done. You are correct on contracts awarded for overseas work, there's no requirement for subcontracting. But will it be evaluated? Yes.

SANDY DAVIS: Second question. In Section L you ask us to provide you with up to ten project examples of work performed, past performance and experience. In Section M you indicate you will evaluate five of those. So I assume that's a typographical error or are we going to submit ten and you're going to evaluate five?

JOHN RODGERS: We'll have to look at that. Whatever you submit is what we will evaluate.

ADDITIONAL INFORMATION: THIS WILL BE CLARIFIED IN AN AMENDMENT.

SANDY DAVIS: Okay. Page count question, if I may. Again, understand the need to limit the proposal to a hundred pages, but you have asked us to limit each of the project descriptions to two pages. So ten projects times two, that's twenty pages already. And if we put in as many as eight or ten résumés, 30 percent of the page count is gone just in projects and résumés. I'd ask if

we can consider exempting either the résumé page count and/or the project page count from the hundred so we can better explain our management and technical approach.

[Brief, inaudible comments between panelists. Questioner continues.]

Also, there's no indication in the RFP, you're not asking us to specifically identify any of the key personnel who are going to be key to the contract. I don't know if that's an omission or -- and there's no indication of how low in the organization you're asking for résumés. Absent any other guidance, then obviously we'll respond accordingly.

[Pause and brief, inaudible comment between panelists. Questioner continues.]

While we're cleaning up administrative things, you ask us, you indicate that the proposal must be delivered by an authorized representative of the organization. We're not sure who that is.

GORDON SUMNER: It's just, if you use FedEx or you use United States Postal Service, it's to ensure that it gets to us. You don't have to fly in from Washington or Houston or whatever.

SANDY DAVIS: The RFP specifically says it has to be hand delivered by an authorized representative.

GORDON SUMNER: We'll look at that and get back with you, but our intent is that it gets there. **ADDITIONAL INFORMATION: AN AMENDMENT WILL PROVIDE CLARITY.**

SANDY DAVIS: Alrighty. Still on administrative. In Section L you ask for six copies original and six of the cost volume, and elsewhere you ask for two copies, I think, in Section M, so if you could just clarify that for us, please.

GORDON SUMNER: We'll get back with you on that one. **ADDITIONAL INFORMATION: AN AMENDMENT WILL PROVIDE CLARITY.**

SANDY DAVIS: Okay. A little testier. On the task-order-driven contract, particularly internationally in an environment in Baghdad, can we anticipate that you will or will not fund a program management office to be established in country to support the contract?

DARRELL ALVERSON: Whatever is needed to do business.

GORDON SUMNER: Yes, whatever your technical solution is.

SANDY DAVIS: Okay. Again, it's an IDIQ task-order-driven contract, so if we feel a need for a program management in country then we need to propose that and assume it will be funded.

[Brief inaudible utterance as answer. Questioner continues.]

The RIO organization remains in country with General Crear and company, originally working for the CFLCC organization and others. It's our understanding that CENTCOM has essentially transferred command to the Coalition Provisional Authority there, so who is the RIO? Specifically, who is General Crear and his organization answering to today?

DARRELL ALVERSON: It is my understanding that CFLCC has, in fact, issued a frag order that places administrative control, operational control, for General Crear's organization to the CPA. So he reports to Ambassador Bremer and a gentleman named Phil Carroll, are the two main points of contact there with CPA.

SANDY DAVIS: Okay. Thank you.

ROBERT SLOCKBOWER: Appreciate your questions and we'll get back with those clarifications. Thank you.

JOHN RODGERS: I wanted to maybe clarify the five to ten. I'm reading in Subfactor 1, Past

Performance in Section L, 6.1.1, "Offeror shall provide information pertaining to no less than five (to meet the RFP minimum requirements) or no more than ten active, completed within the last five years," and that's all it says about that in Section L. And then in Section M it just says, "Past Performance. The following items will be evaluated based on ACASS ratings, CCASS ratings and feedback received from references." So I don't understand that, but we can look into that.

ROBERT SLOCKBOWER: Sir, do you have a question?

FADI NAMMOUR: Yes, sir. My name is Fadi Nammour and I represent a large Iraqi group, probably over a billion-dollar revenue a year, and we're trying to provide logistics, general contracts, warehouses and local securities and all that. Would an alliance of an Iraqi group with a U.S. corporate or companies would enhance their position to do business in Iraq? Would that be part of the evaluation?

GORDON SUMNER: We hadn't published anything like that.

FADI NAMMOUR: Well, you guys always emphasize the maximum cooperation between the U.S. companies and Iraqi companies or labor, whatever, to the maximum extent possible. So with that, it's almost like indigenizing the U.S. companies toward the Iraqi situation. Would that be any positive impact on that?

GORDON SUMNER: It's not a weighted factor in the evaluation, but it could be part of a technical solution for a company that needs a company like yours, is all I can recommend. It is published that they encourage subcontracting with Iraqi firms but it's not a weighted evaluation criterion.

FADI NAMMOUR: Okay. Thank you.

ROBERT SLOCKBOWER: Thank you, sir. I'd like to go to the rear microphone, please.

WAYNE KELLEY: I'm Wayne Kelley with Ryder Scott. What I understood from what's been said earlier, although the description that was published on the 26th of June includes reservoir management, production engineering and in-field drilling ... I understand now that that work would be excluded from this RFP, that the reservoir management and production engineering will most likely be ... [Microphone quits.]

ROBERT SLOCKBOWER: Sir, we want to be sure the transcript is complete. Can I ask you just to hold till we get the microphone back there? Sorry for the inconvenience.

WAYNE KELLEY: I'll start over. I'm Wayne Kelley with Ryder Scott. I understood from earlier comments that although the description on the 26th of June includes in the scope of work reservoir management, production engineering and in-field drilling, that there will be no drilling activity, and that any reservoir management, production engineering or subsurface engineering will most likely be procured directly by the Ministry of Oil. Are we to take from this that all subsurface activity would be excluded from this contract and procured directly by the Ministry of Oil?

MORRIS TANNER: No. What I think that I said was that we have a mission to repair and restore, so to the extent there is something to repair and restore which requires those types of services, that is within the mission which we have been assigned. To the extent you're talking about doing new drilling, we are not authorized to do that. We haven't been handed that mission. So if there is something that is required because of damage to, you know, some drilling is required or some oil-field management or reservoir management is required, which is required because of damage which has been inflicted to the fields, then that would be included.

WAYNE KELLEY: If I can be more specific about the damage. There's two types of damage. There's obviously war-inflicted damage but there's also been reservoir damage inflicted as a result of wells being shut in or also wells that have been overproduced in the period immediately preceding the war. My recent conversations with the Ministry have led me to believe that there's

going to be a considerable requirement for down-hole services in order to get anywhere close to these production targets. I guess what I'm getting at is do you look at those things being really driven by the Ministry or are you looking at just war-inflicted damage to surface facilities?

DARRELL ALVERSON: Actually, what they're doing right now is they're having daily conversations. It's in negotiations as to whose responsibility it is and who is going to take charge of that. We've got it included in our Statement of Work to provide the capability, okay, if those negotiations are the daily activities required. It's a difference between, I guess, a capability and a capacity versus requiring the services. It's a fine line there.

WAYNE KELLEY: Thank you.

ROBERT SLOCKBOWER: Thank you. And to the front mike please, sir.

KEN OSCAR: This is Ken Oscar again. Section L, Paragraph 7, Subcontracting Plan. The section is labeled "A Subcontracting Plan" as Volume 3. Prior to that there's a different description of what should be in Volume 3. It appears like there's two Volume 3's. Will the Subcontracting Plan be a separate volume, not in the hundred-page count, or is that supposed to be embedded somewhere?

DARRELL ALVERSON: You're going to get a personal answer right here. (Laughter)

JOHN RODGERS: Yes, I just looked at the RFP. The Subcontracting Plan, Volume 3, is misstated. There is no separate volume for Subcontracting Plan, so it will just be part of a -- I'm going to say right now; we will change it by amendment. It will probably be an addendum that won't count for the hundred pages.

ROBERT SLOCKBOWER: John, why don't you just come up here and have a seat right next to me? (Laughs)

KEN OSCAR: Kind of a follow-up to that. The original advertisement for solicitation said that it was very important to employ Iraqis and Iraqi companies. There is no mention of that in the RFP, and I was wondering what the RFP does stress is U.S. subcontracts, so could you explain a little bit between hiring Iraqi companies and hiring U.S. small business companies?

GORDON SUMNER: The Federal Acquisition Regulation has no allowance for giving extra weight to a proposal for, for instance, an Iraqi company. It does allow for subcontracting to small and small disadvantaged business firms. There may not be any small and small disadvantaged businesses that are in the oil services field that you intend to put in your part of your technical solution, and so that's why we can't say what the minimum amount of participation by small and small disadvantaged businesses. Again, it's not a requirement over there, but it's something that we will look at. But, on employing Iraqi companies, it's encouraged and that's what our direction has been, but there's no provision in the FAR that we can weigh that as part of the technical solution evaluation. It is complex.

ROBERT SLOCKBOWER: I'd like to go to the rear microphone, please.

ADIL BAGUIROV: My name is Adil Baguirov from Argus Limited. I've got three quick questions. First of all, what's your view on foreign companies participating in the bidding in the Iraqi restoration, even if they were not in the Coalition?

[Brief discussion. Panelists don't think they listed it in the RFP.]

MORRIS TANNER: There are several types or several ways foreign countries can have qualified -- I'll say it this way to be in here -- countries that are members of the Caribbean Basin, NAFTA companies and other qualifying companies, as well as Coalition members, can qualify for this solicitation. There is a list of all these countries which is available and I can -- the summary rules which were provided to us by DoD, I'll just read to you:

"If the offer is from a designated country under the Trade Agreements Act, the company may

compete at the prime contract level. Products, services, and construction materials from that country may be furnished by any offeror. If from a NAFTA country, a company is treated as a Trade Agreements Act Designated Country and may therefore compete at the prime contract level. Products, services, and construction materials from that country may be furnished by any offeror. If from a Caribbean Basin country, a company is treated as a Trade Agreements Act Designated Country and may therefore compete at the prime contract level. Products and services from that country may be furnished by any offeror. If from a Coalition country or Iraq, a company may compete at the prime contract level. Products, services, and construction materials from that country may be furnished by any offeror and will be treated on the same basis as U.S. products."

Now that is the guidance that came out of the Department of Defense.

ADIL BAGUIROV: Thank you. The second question is, in the Acquisition Strategy Steps, it says that one of the last steps is the notice of contract award to headquarters and then going to the Congress. Where to Congress?

GORDON SUMNER: All of Congress. We'll send an announcement to the Congressional Liaison there and they distribute it two to three days before the actual award is announced.

ADIL BAGUIROV: But does it mean it's going to go on the floor of the Congress? There's going to be a vote?

GORDON SUMNER: No, to each of their offices.

ADIL BAGUIROV: Okay. And third and final question. I think Colonel Schultz mentioned the restoration of the Kirkuk pipeline; does it mean that all the pipelines will be restored under the Corps of Engineers' bidding contracts? Because there are many more pipelines there that are damaged.

DARRELL ALVERSON: There are many, many more pipelines. Those that are operational and don't require restoration, we will not further enhance them. We're going to go after the ones that are damaged. Obviously they're sabotaged, they're blowing holes in some pipelines on a daily basis. We have to go and make those repairs. But no, it's not a rework of the pipelines, it's not an enhancement of the pipelines; it's trying to get to a stable restoration.

ADIL BAGUIROV: And all that, the enhancement and etcetera, will have to be dealt by the Ministry?

DARRELL ALVERSON: By the Ministry, yes, sir.

ADIL BAGUIROV: Thank you.

ROBERT SLOCKBOWER: Thank you. Front of the microphone, please?

FRANK BESSON: Yes, I'm Frank Besson. I'm representing the Interpipe Group which is a Ukrainian company. Ukraine, as you know, was a part of the Coalition of the Willing and still is. The company has operated in most of the world. It's about one of maybe the top five pipe and pipeline pipe companies in the world, but it's never done a U.S. government contract, although it has sold pipe and services here in the United States. It also is part of the Food for Oil program, and so has experience there. But they are concerned about the fairly onerous certifications and all the FAR regulations and all that, having never done a government contract, and they would want to be a subcontractor to the right people. But since there are a lot of folks here that are representing foreign companies, could you expand a little on exactly how the foreign companies can participate in this solicitation and how they will be judged? Because small business is pretty tough in the international environment, and this is no small business company. But could you just expand on that idea of foreign companies operating as subcontractors, and how that will be evaluated?

MORRIS TANNER: Foreign companies would op -- I guess what you're asking is whether they

qualify as subcontractors. Is that what your question is?

FRANK BESSON: Well, I think, from the criteria -- and I have read it pretty closely and the company has reviewed it as well all the way in Ukraine -- but yes. If the prime says they're qualified, and the prime would hopefully help this company meet all these criteria, but they are understandably concerned about the certifications, about all the FAR, the CAS, the DCAA, all that sort of thing. And then want to understand, if they go through this drill, what are the evaluation criteria? Would it help, the fact that this company has been in Iraq, has sold millions of dollars of pipe of all sizes there and that sort of thing. But is it worth the international companies that are here to pursue this and will that help the primes that we might align with?

MORRIS TANNER: Well, there are two questions I think you ask, and I guess I'll address the first one and pass it to Gordon for the second one. With respect to all the requirements of the FAR, we simply don't have the authority to waive any of those, other than the ones that have already been waived at the DoD level to allow certain countries to compete that otherwise might not have. So, those requirements are all going to have to be met. It would be my assumption that the prime contractor would assist the subcontractors to the extent necessary and that his proposal would probably address how he would -- you know; we'd ask that you identify first level subcontractors. And so to the extent necessary, his proposal may address how he will accomplish that. I think your second question had more to do with the evaluation, and I'll pass that one over to Gordon.

GORDON SUMNER: Again, I keep stressing we're looking for world-class teams, joint ventures or companies. And if part of the evaluation criteria is experience in that part of the world, I believe, and so you need to find where you fit in there. But no, we're looking for world-class, world-class, world-class.

FRANK BESSON: Thank you very much.

ROBERT SLOCKBOWER: Are there any other questions? (Pause) Ah, good. Okay. (Laughter)

Yes, sir, in the front mike.

JOHN ALLEN: Good morning. I'm John Allen and I'm representing International Response Corporation. We're involved in the oil and hazardous material clean-up business. Let me go back to the comments that we had on using Iraqi personnel. It's been the notion, at least from the synopsis that you presented, that we should be striving to identify host country nationals, and yet I hear on one hand that that's not a weighted factor, and yet it's still encouraged. I really need to know where, because a lot of effort is going into doing those sorts of things. Could you please clarify a little bit more? What is the value of efforts of companies to use host country nationals versus third country nationals, or U.S. citizens?

MORRIS TANNER: Well, again, this has been a matter which has been discussed a number of times at the policy level in DoD and in Army, and those are the instructions that resulted from those discussions. Now, we do not have authority in the FAR to give extra credit, if you will, for companies from various -- from any country that we happen to like today, so we don't have any authority to do that. On the other hand, we do have political goals in the United States to encourage the participation of Iraqi companies and Iraqi workers, so that's what you see in the solicitation. It is somewhat ambiguous, but that's the way it is. We can't give particular credit for that in the evaluation.

JOHN ALLEN: But you encourage it.

MORRIS TANNER: But we encourage it.

JOHN ALLEN: Okay. Thanks.

ROBERT SLOCKBOWER: First mike again, please?

ANTHONY HALECKI: I'm Anthony Halecki with Chevron Texaco and I had, I guess it's kind of an easier question. In Sections 11 and 13 of the work scope for starting up and operating the

oil and product systems, you've got one of the items there is Establishing Interfaces for Marketing, Sales and Accounting. My question is, is that focus more internal to SOMO and the North and South Oil Companies, or are you viewing that as an external interface with the market and inspection companies, etcetera, that will be operating out of the country?

DARRELL ALVERSON: The best words I can offer, Anthony, are "technical assistance." Again, marketing and sales is one of those hot political issues, and it's not our oil. It's the oil company's to sell, and they're starting that up, so they may not need a whole lot more technical assistance. They seem to be starting it up now.

ANTHONY HALECKI: Okay. Fair enough. Thank you.

ROBERT SLOCKBOWER: Good. Thank you. Any other questions? (Pause) Yes, ma'am.

MARLEEN BERGMAN: My name is Marleen Bergman. I'm with Raytheon Company. My question comes from the first page of the Sample Project Scope of Work. It says under Contractor Government Relationships: "The government shall manage the contract but will not exert control or supervision over contractor employees." Can you elaborate a little bit what does that mean, "manage the contract?"

DARRELL ALVERSON: Our team over there, as we talked about security when John asked the question back there, our team has contract administration responsibility, and under that to help manage the in-country alliances, to coordinate with the Oil Ministry, to coordinate on the tasks, and basically the word you use is you "manage." You manage the mission, okay? So our role and responsibility over there as the Corps of Engineers is to manage the mission areas kind of with you as part of the team. Is that better?

MARLEEN BERGMAN: Thank you.

ROBERT SLOCKBOWER: To the rear microphone, please?

JUAN LLOVET: Thank you. I'm Juan Llovet with Parsons Energy & Chemicals. I have a question of a general nature here. How will the work be transitioned between the incumbent contractor and the successful bidders? How do you visualize that transition?

DARRELL ALVERSON: Kind of hard to visualize because it's several months out, but obviously, when we would have to assess each item of work on a case-by-case basis as to whether it's advantageous to leave the current contractor in place to finish up. I can't give you a good, sincere answer other than to say we would evaluate each area of work on a case-by-case basis and then transition the new work to the new contracts and start there.

JUAN LLOVET: Thank you. If I may be allowed to follow on then, does that mean then the existing incumbent contract will be in full force at the time of award of these two contracts?

GORDON SUMNER: At the time of award, correct. We have to keep someone on the ground supporting the restoring of the oil infrastructure. It would be a transition, but yes, they will be there until we have new contractors on the ground turning wrenches. It's just not business-smart to pull them out any sooner.

JUAN LLOVET: Appreciate that. Thanks, Gordon. And again, a little bit in a follow-up on that, if the incumbent is going to be still under contract, will the incumbent participate at any level in the bid evaluation of the proponents?

GORDON SUMNER: No, no. It will be government employees.

JUAN LLOVET: Okay. Thank you.

ROBERT SLOCKBOWER: Okay. Thank you, sir. To the front mike?

KEN OSCAR: Ken Oscar. I'd like to go back to the Statement of Work, the ROM and the

Section L. There seems to be differences between the three. Section L, Paragraph 6.2.2 Subfactor 2, for example, says "cradle to grave." The ROM excludes from the wellhead down. The Statement of Work, which is labeled "Concept," and on the first part of it says, it appears to be the original statement that was given to the LOGCAP contract, excludes some different things. So what exactly is the precedence? Is it the first things that's an eight-page Statement of Work, or is the ROM just meant to be information, or is it Section L?

DARRELL ALVERSON: I think the best we can do, review and clarify again, just make sure we state what the relationship is.

MORRIS TANNER: Right. The ROM, again, is not necessarily intended to be the work which will be done under this contract. It has been developed by our Team RIO over there in order to scope out the work that is now required, or was required a month ago when this thing was finished. A lot of that work will probably have been done by the time this contract is awarded. There may be other work which comes up because of additional sabotage, looting or whatever. So, the scope of work in the contract was intentionally written very broadly so that we're able to handle within the scope of the contract anything which might happen in the future, which we don't currently see over there. The ROM indicates our best estimate of what we currently see over there.

KEN OSCAR: So the eight-page Statement of Work, it's pretty restrictive, but that was meant to be broad. The ROM is meant to be your estimate as you saw it a couple months ago. And then Section L, that's the broadest of all, that really says "cradle to grave."

MORRIS TANNER: That's correct.

KEN OSCAR: Okay. Thank you.

ROBERT SLOCKBOWER: Thank you, sir.

SANDY DAVIS: Schedule says if we stretch this out to 10:30, we get breaks and cookies. (Laughter) I assume that will give us time to generate some more questions and come back.

Let me follow up, if I may, on that last question again. There are some obvious contradictions between the synopsis that was published early, the Summary of Work, which in effect appears to be the contracting strategy for the program, and the ROM that was included. The ROM specifically says, for example, that only the 12 wells that were on fire are considered within the scope. And it says that the Oil Ministry will supply the majority of the labor for all the repair and operations. So by definition, the ROM is limiting the cradle-to-grave capability that you're looking for in the contract.

MORRIS TANNER: Yes, that's correct. Now again, the ROM is addressing what currently is, okay. So we had a certain number of oil well fires which now have been put out. Those could have been included in the ROM, but we may have another fire tomorrow which is set by a saboteur. If that's the case, then that new fire would be included in the scope of work which would be done by the new contractor.

SANDY DAVIS: Okay. Let me ask the question one more way then. We are required, clearly, to respond to the requirements of Section L. That's what you're asking for, and that asks for cradle-to-grave capabilities and so forth, and you evaluate that by Section M. Is it safe for us to essentially assume then that the ROM is included in this solicitation for information only, and should not drive what we respond to in Section L?

MORRIS TANNER: That is correct.

GORDON SUMNER: That's correct. It was just to give everybody an oversight of what we see today. Instead of you having to get on an airplane and fly over there and see for yourself, it's what our team put together to share with everybody.

SANDY DAVIS: Okay, good. Thank you. In opening remarks, I believe I heard correctly that a

contract has been awarded for this 40-inch pipeline from the North? Who was that awarded to and by what agency? Or I may have misunderstood that.

[One panelists asks another softly, "Is he talking about the repair of the pipeline?"]

SANDY DAVIS: Maybe it's one going across the bridge, perhaps? In the opening remarks, there was an indication that a contract has already been awarded for a pipeline, and I'm just curious to who and by whom.

DARRELL ALVERSON: Well, the bridge repair, I think the Bechtel contract's got the bridge repair piece, and then the pipeline is integral. They've got pipelines running underneath the bridge structure itself. But to my knowledge, I don't know of any pipeline repair contract yet. We put in a temporary to bypass that area in order to be able to move product, but we've got to disassociate with that bridge since the bridge is going to be torn out and reconstructed.

SANDY DAVIS: Okay, as a follow-on to that, if I may. The established interim government Minister of Oil, are contracts being awarded directly from the Iraqi Oil Ministry for the Northern and Southern oil fields, and if so, where are those funds coming from?

MORRIS TANNER: At the moment, we're not aware that any such contracts are being awarded by the Iraqi Oil Ministry. The exports which are now starting will produce cash which will be available for the Iraqi government, and I would assume that at some point in the future, the Iraqi Oil Ministry will begin awarding some of its own contracts. When that will happen, I don't know.

ROBERT SLOCKBOWER: Thank you, sir. We'll take one more question now before we go to the break. Sir, you did a good job of getting us up to the timeline there.

BILL TUCKER: Hi, Bill Tucker. I'm an attorney and a consultant, and we represent a number of Slovak companies that have built the refineries there, some of the refineries in Iraq, and also

repaired some of the refineries, and have the manufacturing capability of parts that are interchangeable with the parts on the refineries that are there now. They're interested in being a part of, or a subcontractor to, of one of these contracts. Do they need to be a part of a bidding team or is it possible for them to subcontract after one of the teams get the bid, number one? Two, they are, of course, as Slovakia is part of the Coalition of the Willing. In fact, the original letter that was signed by the eight Coalition countries originally in central Eastern Europe was drafted in the Slovak Embassy in Washington, and by the ministers and then sent to their ministries.

GORDON SUMNER: Absolutely. We always retain the right to disapprove or approve subcontractors, but at any point, after there's a contract, if there's a better solution for a prime contractor, then of course we encourage that -- price, service, whatever. They're not married to that subcontractor for the length of the contract necessarily.

BILL TUCKER: But they could also be a part of a bidding team, also?

GORDON SUMNER: Absolutely. And if they have a good background and good past performance, I think that would be a valuable element.

BILL TUCKER: They are not a large company of the size of the companies in the U.S., of course. They'd probably qualify as a small business.

GORDON SUMNER: Whatever the technical solution. I mean, yes, if it's to the prime's advantage to use your company or your companies, that's fine. Now, I need to draw a line at small businesses. I'm talking about only American small and small disadvantaged businesses in regard to the weight in the evaluation.

BILL TUCKER: Okay, you're talking about 8(a)-certified, then?

GORDON SUMNER: And small business and historically under-utilized business zones. There

are three prime subcontract goals that we have. There are others, but those are the prime, the ones that are in the FAR today.

BILL TUCKER: Okay. Thank you very much.

ROBERT SLOCKBOWER: Okay, thank you all very much. What we're going to do now -- it's 10:30 -- we're going to take a 30-minute break. There are cookies outside, and what I'll do is try to call you back in here about five minutes beforehand, give you an opportunity to do some networking now. Thank you very much and see you in about 30 minutes.

(BREAK)

ROBERT SLOCKBOWER: Okay, just for a few clarifications, listed up here on the screen right now is the Web site for getting to the Fort Worth Contracting Page for Electronic Bid Sets. John, could you just give a little discussion about how to get access there?

JOHN RODGERS: Yes. The Federal Business Opportunities announcement that came out had this Web site on it, and when you go to that Web site, you will be going to the Fort Worth District Contracting Division, Army Corps of Engineers. You need to probably just familiarize yourself with that Web site if you haven't been to it. As I said before, that's where all the solicitation documents will be posted. That will be the official site for the documents for any amendments.

When you get to the site, there is an information tab for how to navigate the site so you can get all the information about how to navigate. But you want to look for advertised solicitations. It's a blue button at the top of the page when you first get there. Then you want to scroll down the list of solicitations. This is categorized as a service and supply RFP; it is Solicitation #DACA63-03-R-0021. (Laughter) It is DACA63-03-R-0021. It's "REPAIR AND CONTINUITY OPERATIONS OF IRAQ OIL INFRASTRUCTURE." You click on that number and you will go to a page that has some more information about the solicitation. It will have the original

synopsis language. It will show the current bid opening, the proposal due date. Then you want to choose "View Solicitation."

When you choose "View Solicitation," there are two choices. It's a drop-down menu. The first is "Plans" and the second is "Specifications." And since "Plans" means drawings -- there are no drawings for this solicitation -- you chose "Specifications." And when you hit "Specifications" and the "Go" button, that'll take you to a page that has the files, the solicitation files listed. I think I explained it in answer to one of the questions earlier, but you just want to choose the file that you want to use. The first file has the solicitation number again, and it's just if you want to look at it on the Internet right there, you can do that.

If you want to download an executable file which will have the solicitation, then you can download an EXE file, and then there's an instruction file for the instructions on how to download and what you need. There's also a file with some more information about the plan holders' list and things like that. But it's also very important, because the Web site will also contain all the transcripts of the questions and answers that are here today. And that'll be posted at our Web site, and I also heard that it would be e-mailed to the registrants, but it will be on the Web site also.

[Audiotape #2, Side A]

JOHN RODGERS: --Section L. There was a note about you must hand deliver to John RODGERS or Vernon Vann and here are their phone numbers. We're going to delete that, so it's the same old normal delivery process. If you want to hand deliver, that's fine, but you've got to get it to our address, and the address is right there as to who issued the solicitation. If you have FedEx deliver it or some other well-known delivery system, they have to meet the same requirement of getting it there on time. And you have to allow for security in a federal building. So if there are no questions about all of that, then I guess we'll go on.

ROBERT SLOCKBOWER: The break gave us an opportunity to get a few clarifications

ourselves done. Darrell, would you like to address the issue about the pipeline repair?

DARRELL ALVERSON: I think we did address the issue. It was about a contract awarded. Northern Oil Company awarded a contract. I think the wording was transposed. It wasn't a contract award. Actually, the North Oil Company took on that work themselves and completed that, so it really wasn't a contract award. They did the work themselves.

ROBERT SLOCKBOWER: Okay. Now I'd like to open it back up for questions. (Pause) Thank you, sir. (Laughter) Appreciate someone breaking the ice quickly.

LES SKINNER: Well, thank you. My name is Les Skinner with Cudd Well Control out of Houston. I have a little bit of question about the firefighting capability and I'm not sure who this should be directed to. On about the third page of the sample, it talks about the requirement for oil field or firefighting capability. It talks about oil well and other facilities' fire suppression. On the next page it talks about specifically identifying oil-well fire's location, name and number within the field, tracking for purposes with GPS, that kind of thing. There's also an equipment list that's included of government-owned firefighting equipment, and all of that is fairly well specific to oil-well firefighting. Now the question I have is, does the firefighting capability that you expect the prime contractor to have include both oil-well firefighting and industrial firefighting capability?

DARRELL ALVERSON: It's kind of hard to describe all the other facilities that are over there, the pipelines and the gas lines and other things that are over there. The intent is to provide a firefighting capability to support the mission. Obviously, well fires is a specialty and you're the best person to ask the question of in terms of that business -- you and several others here. But in terms of being able to provide the capacity and capability over in country, it would not just be limited to well fires. We'd be looking for some support, advice, on how to put out some other types of -- forgive the word "facilities" -- but other types of fires over there, in the gas lines and the pipelines and those things. There have been several sabotage efforts. People have taken the LP gas bottles and setting up against the side of a pipeline and blowing it up. It creates a fire.

And basically they've been shutting off the valves and it has to burn itself out. But that's technical advice and capability that we need, somebody who has a little broader range in other types of fires to put out, too.

LES SKINNER: Okay, thanks, Darrell, but that also has an impact on the equipment. The kit right now is basically oil-well firefighting. Industrial firefighting gear can use a portion of that, but for example, there's no foam equipment that's mentioned in here. And if there's work going on inside a refinery, there's an incidental fire not associated with sabotage, presumably there would be a need for foam equipment, for specialized delivery systems, protection systems, everything from proximity suits to whatever, that are not associated with oil-well fires, so that's primarily what I'm asking.

DARRELL ALVERSON: At this point, we've not identified that as a need.

LES SKINNER: You have not identified that as a need?

DARRELL ALVERSON: We have not identified that as a need. It doesn't mean that it may not happen, okay, but we've not identified that as a need right now.

LES SKINNER: Okay. On an unrelated question, and I hope I'm not taking too much time, the recovery of the 12 wells that were damaged during the retreat of Iraqi forces, some of those wells have obviously been killed and capped, and the plugging technique may have damaged the well beyond repair. At least, four of the wells, we believe that's the case. If that is the case, who would make that decision? Would that be someone in the field or would that be -- basically where I'm reaching here is, some of these wells may need to be redrilled, and I'm wondering who would make that decision and how that be handled as a part of this proposal.

DARRELL ALVERSON: As a part of the hierarchy and structure that's ongoing, you've got the Coalition Provision Authority. They you have the concert with provisional governing responsibilities right now. They are the source of decisions for funding and source of decisions

for actions. The Iraqi Oil Ministry and our folks there are making combined decisions. They are meeting routinely in negotiating those decisions. That's where it comes from. The purpose of this contract, Team RIO would give that direction after conducting that negotiation.

LES SKINNER: Okay. Thank you, sir.

ROBERT SLOCKBOWER: Are there any other questions? (Pause) It's a neck-and-neck race there! (Laughs) Please go ahead, sir.

BILL McINTOSH: Bill McIntosh with Shaw Group. I just want to be real clear on whether if someone wants to propose on both the North region and the South region, if that requires one proposal or two proposals.

GORDON SUMNER: One proposal.

BILL McINTOSH: One proposal. Okay. In the scope statement, the first item is "Elements Under LOGCAP" and it has to do with prepositioning equipment and people, was that intended to be done under LOGCAP or scope items that are included under this contract?

DARRELL ALVERSON: The direct answer is both. We provided those things in a pre-position mode. Now some of those things are existing over there. But the capability is desired under this contract.

BILL McINTOSH: I understand. Thank you. At some point, Iraqi governance is going to take over and they'll have taxing authority, imposing duties, that sort of thing. Those become costs. How will those be handled under the future contract?

GORDON SUMNER: It's a cost reimbursement contract.

BILL McINTOSH: Okay. Let's see, one more. You've asked for subcontractor commitments to

be included. In what volume would you like those included and can they be excluded from the page count?

ROBERT SLOCKBOWER: Just one second, please. (Pause)

JOHN RODGERS: You're talking about "Subfactor 2, Personnel Experience; submit resumes of prime and subcontractors' personnel."

BILL McINTOSH: No, I think it was a different section. I don't have it handy.

JOHN RODGERS: That's part of Volume 2 or Volume 1, I mean. Volume 1.

BILL McINTOSH: I believe it's asked for in Volume 1, but can it be excluded from the page count?

JOHN RODGERS: We can consider that.

BILL McINTOSH: Thank you.

ROBERT SLOCKBOWER: Okay. Thank you, sir.

KEN OSCAR: Ken Oscar. Following up on his first question, can a single contractor win both contracts?

MORRIS TANNER: (Pause) The solicitation says "two contracts." It doesn't say "two contractors."

KEN OSCAR: Okay. (Laughter)

MORRIS TANNER: I got a quarter. You want to flip it now or later? (Laughter)

ROBERT SLOCKBOWER: A question from the back, sir?

JOHN DOUGHERTY: Thank you, if the mike's working. John Dougherty, WGI Middle East again. I want to make sure the due date -- because there are two different dates floating about, and just to confirm -- the solicitation states 14 August. That is the correct due date, not 7? I'm not sure if the 7 August date was in later materials and this will be changed or--

JOHN RODGERS: No. You have to look at the solicitation itself for the accurate date.

JOHN DOUGHERTY: Okay, so it's intent to hold to 14 August?

GORDON SUMNER: As of right now.

JOHN RODGERS: Yes.

ROBERT SLOCKBOWER: Okay. Any other questions?

LARRY BROWN: Larry Brown with Bechtel National. Some administrative issues, I guess, for us. We have Section L 2.2, which discusses "the narrative discussion shall be related as to Section 00-900 unless otherwise stated." Is there a Section 00-900?

JOHN RODGERS: No, there's no Section 900; that's a misprint.

LARRY BROWN: And is there a Section C?

JOHN RODGERS: Yes. And to answer the first question, it should be related to the scope of work. And then your question just now was, is there a Section C? **ADDITIONAL INFORMATION: AN AMENDMENT WILL PROVIDE CLARITY.**

LARRY BROWN: Yes, is there a Section C? The gentleman from Fluor earlier mentioned about personnel experience and submitting resumes. It was in Section L 6.1.2 Subfactor 2, and it discussed the requirements of Section C. The answer you came back to was that we were going to work off the Statement of Work listed in Section J. But the other question I had was, is there a Section C?

JOHN RODGERS: No, there is not at this time. If we were to do anything, it would be to take the nine-page Scope of Work in Section J and title it as Section C Scope of Work.

LARRY BROWN: I also had some further references to the Fluor question earlier. I don't think he had the references when he asked the question, so I thought I'd provide them to you, John. Section L 6.1.3 talks about providing information on up to ten projects, but Section M 1.5c says that you will review up to five projects.

JOHN RODGERS: What was the Section M again?

LARRY BROWN: Section M 1.5c, "review up to five examples," and I think we just concur with his question which was to clarify, again, will we be submitting ten projects and/or five, or will we be submitting ten projects and you will review five of those ten, or make your determination of that?

JOHN RODGERS: Yes. I think the intent here will be that we ask you to submit a certain number -- five to ten -- and we will evaluate whatever you submit. And so, I see Section M changing to match Section L, the number of projects.

LARRY BROWN: So it will be ten projects then?

JOHN RODGERS: It will be whatever you submit, because there's a minimum of five, up to ten.

LARRY BROWN: Up to ten then. Okay. I hear you. Section L 4.0 talks about proposal pages

being 8½ by 11. If drawings or other graphics are submitted, we need to reduce them only to the extent legibility is not lost. Can we interpret that to mean that we can include graphics on 11 by 17 which would be difficult to read if we reduced them to 8½ by 11?

JOHN RODGERS: I don't think it allows you to go to 11 by 17, does it?

LARRY BROWN: I think we introduced 11 by 17 here right now. (Laughs)

JOHN RODGERS: At this point, I think you have to stay within the description there.

LARRY BROWN: What does that statement mean, then?

JOHN RODGERS: What does that statement mean?

LARRY BROWN: Yes, "Offeror shall reduce them only to the extent legibility."

JOHN RODGERS: If we can't read them, we're not going to evaluate them.

LARRY BROWN: I understand. Guess that makes a little sense.

JOHN RODGERS: I mean, if you take an organization chart and try to shrink it down, you're not going to be able to read it. So you need to present it in such a format that we can read it.

LARRY BROWN: Okay. With respect to Page 2 of the solicitation, "The government reserves the right to convert from a cost reimbursable to a fixed-price task order." Can you give us an idea of a scenario where you might consider that a solution?

GORDON SUMNER: Absolutely. There may be a requirement for 100 half-ton pickup trucks, and let's just say your mark-up is 20 percent, just to pull a figure out of the air. It might be cheaper in our estimate for you to give us a firm fixed price for those pickup trucks or it might be

cheaper for us to let you do it at a cost basis. And that's something we'll propose. The way it works is when a requirement comes up, we'll send it to the contractor and say, "Give us a proposal." And we would hope that they wanting to earn points for their award fee would say, "Look, if I get you these 20 pickup trucks at a cost basis, it's going to cost you this, but I can give them to you firm fixed price for this which may be some percentage cheaper," then that delivery order would be issued as a firm fixed-price order.

LARRY BROWN: Okay. We were thinking that some of the elements of the KBR LOGCAP contract was classified, and with respect to this RFP, there's some minimal references to National Security Classifications. And with the possibility of foreign companies working here, we were wondering if you were -- we wanted to get a better sense of the personnel that we might propose if we were to bid this work, would there be any national security conflicts with documents classified secret, top secret?

GORDON SUMNER: No. There will be nothing classified in the contract.

ROBERT SLOCKBOWER: Morris, did you want to follow up on that?

MORRIS TANNER: To the extent that there is anything classified which has to be handled, that would be done by our RIO personnel direct with the military and information passed to the contractor on an unclassified basis.

ROBERT SLOCKBOWER: Any further questions?

TED CAMMARATA: Good morning. I'm Ted Cammarata with the Expro Group. On I guess it's Section J where we begin introduce the scope of work for the contract -- and I'll quote from it -- "Corps of Engineers IDIQ Contracts. Two contract procurements with identical Statements of Work, one sole source and one or more awarded through limited competition." And then you go on to list the 13 tasks, if you will, associated with the scope of work. Can you explain that a little more? My understanding is there were going to be two sole-source contracts associated with this

RFP, or will these be unlimited awards on specific items listed on these tasks?

GORDON SUMNER: It's a misprint. It's going to be two fully competitive awards made. Like Morris said, two contracts awarded, let me just put it like that, full and open competition.

TED CAMMARATA: So, essentially two contractors will be expected to provide the full scope of these 13 items, more or less?

GORDON SUMNER: Two contracts, contractors, yes.

TED CAMMARATA: Another question, and a couple of my predecessors here have alluded to particularly international subcontractors, who maybe this is the first time they are perhaps looking to partner with American companies on a government contract, fulfilling all the requirements of the FAR, particularly by August 14. I guess my question is, the requirements of the FAR, will they be specific to the prime contractors or will they be expected to be back-to-back on all the prime's subcontractors as well?

GORDON SUMNER: At the award, it's to the prime contractor. He needs to have an approved accounting system, properties system and purchasing system, but it will flow down to the subs. And that's something we can take care of at that time.

TED CAMMARATA: Okay. So upon a contract award or evaluation, that'll be taken into consideration.

GORDON SUMNER: They won't be excluded for not having those approved systems, but they're going to have to, if they're going to do any property administration. And of course, their accounting is going to have to be complete, and any purchasing, it'll have to be approved by the time it gets here. Otherwise, we'll have to -- it's going to have to be approved for your sub, later. But at this point, the prime needs it, and like I talked in my introduction, when we have a pretty good idea who we're going to go to, we're going to go to DCAA and say, "Please go get into

their books" to save time, and it could be on ten different firms, us understanding we're only going to make two contract awards.

TED CAMMARATA: Understood. Finally, and I hope I'm not taking up too much time here, more specifics from an operational standpoint, who and where and how will actual project directives be issued to the contractors? In other words, who's going to say go do what and mobilize equipment, personnel, etcetera to go do the work?

GORDON SUMNER: The contracting officer.

TED CAMMARATA: He's located within Baghdad or in country?

GORDON SUMNER: Right now, we're taking care of it here in Dallas/Fort Worth. Perhaps when our government systems, we can get those all incorporated in Kuwait and Iraq, it could transition later to the delivery orders being issued by a contracting officer there, but for now, currently, it's only by the contracting officer here.

TED CAMMARATA: Thank you very much.

ROBERT SLOCKBOWER: Okay, thank you. Any further questions? Okay, to the rear mike, please.

JOHN ROBERTSON: Yes, please, John Robertson again. Just following on from that one, unless it is on the ground, there's going to be some difficulty because the rate at which you execute those will depend on how quickly that could be coordinated with whatever security's going to be provided. It can't be done part here in Dallas and part on the ground, I don't think. If you want to achieve a reasonable rate of work.

GORDON SUMNER: The day-to-day directions are given over there, don't get me wrong, but for instance, if a fire were to break out, the contracting officer would issue a delivery order, "Go

put out the fire." Now, the specifics of or the logistics of getting that done, anytime the contractor would have a question, they would go back to our team that's there in country.

JOHN ROBERTSON: Okay. I'll be the point.

ROBERT SLOCKBOWER: Good. Thank you. The front mike, please?

BILL SHARP: Yes, Bill Sharp with Bechtel. I have a question regarding force protection. Of course, we're doing the infrastructure work in Iraq right now, and force protection, the protection of our people, is a big cost element because we're providing that. In Paragraph H-4 it says, "While performing duties, etcetera, the service theater commander will provide force protection to contractor employees commensurate with that given to service agency." Then at the end it says -- I'm not reading all the words -- "unless otherwise stated in each task order," and we're kind of wondering what your intent is, because that's not something that you just go pick up at the corner if you have to suddenly provide it.

GORDON SUMNER: Absolutely. But like I alluded to in my opening remarks, CENTCOM is to provide security, but we could come back to you later and ask you to provide your own.

BILL SHARP: But with sufficient warning, because that's a big change from going from you providing it to us providing it.

GORDON SUMNER: Yes, but in my technical solution, if I was one of you, I would say, "I can get my own security within 48 hours or 84 hours," or whatever, that you could pull it together. You need to address that, is all I'm saying. Don't overlook it.

BILL SHARP: Okay.

ROBERT SLOCKBOWER: Any further questions?

SANDY DAVIS: First of all, I want to thank you for the cookies. Those were good. (Laughter) Appreciate that. Secondly, the gentleman that was up earlier from Bechtel, I appreciate you clarifying that question. And, in turn, let me re-ask Bill McIntosh's question here from the Shaw Group. You've asked in the RFP where we have named the subcontractors, you're requiring a formal letter of commitment from those subcontractors, but you don't tell us where you want that included in the volumes. And can those letters from the subcontractors be excluded from the page count?

JOHN RODGERS: Yes. I think we'll look at that and probably take your good advice. We'll probably exclude that from the page limit. **ADDITIONAL INFORMATION: WITH REGARD TO SUBCONTRACTOR COMMITMENTS BEING PART OF THE PAGE COUNT, SECTION L, PARAGRAPH 4.0, PROPOSAL LENGTH STATES “(EXCLUDING SUBCONTRACTOR COMMITMENTS)”.**

SANDY DAVIS: Okay. Thank you. In the Statement of Work, in the two sample projects that are included here in Section J, you've indicated the government will evaluate these as described in Section M of the RFP. There is no mention of the sample tasks in Section M of the RFP. So, these, as you know, were put together at some expense and some effort to develop how we will approach these sample tasks. I don't know if you can explain how, since the cost volume is submitted to you completely separately and the sample projects are included in the cost volume, how is that technical information cross-walked back to your technical team?

JOHN RODGERS: Your sample project is going to be used for cost evaluation, but your concern about how do you get the technical information that's in the cost proposal, like to evaluators who are evaluating the technical?

SANDY DAVIS: You've asked us also to include an explanation in the sample task, a narrative description on how we're organized, similar to the organization that we're proposing in Section L. So will that in fact be considered in the evaluation process of the technical team, or is that just to help justify the cost realism of the sample tasks?

JOHN RODGERS: I think that is for cost realism. I don't think it really goes to the other volumes, the evaluation of the other volumes.

ROBERT SLOCKBOWER: Thank you. And thank you for your questions. It brings clarity to all parties in this solicitation. Any further questions?

KURT HILLMAN: Kurt Hillman with Star Insight. This is a further clarification on the subsurface work, and I guess it's relative to Section J-7 which is Reservoir Management, and I guess it's a clarification. From what I heard is that this section may or may not be in the final scope of work, but that the prime bidder needs to include capabilities to handle the reservoir management, is that correct?

GORDON SUMNER: This Section J will be in the final contract. It's part of the scope. Whether we will ever call on you to perform this, we don't know. But it'll be part of the scope. You'll be expected to have that capability.

ROBERT SLOCKBOWER: Thank you, sir. Take the question from the rear microphone, please?

CHARLES SWEENEY: Charles Sweeney from Foster Wheeler. I have a question back on the subject of there being two contracts or two contractors. Could you mention or could you state whether there would be a recognition of the benefit of a single contractor handling both North and South?

[Panelists confer.]

MORRIS TANNER: Well, it has to be two contracts, one contract for the North and one contract for the South. That does not necessarily mean there would be different contractors for the North and South.

CHARLES SWEENEY: I understand that. What I'm trying to get to is, will there be a benefit recognized in a single contractor or consortium being able to handle both North and South?

MORRIS TANNER: The contract is set up so that we must evaluate it on the basis of a North contract and a South contract. We cannot evaluate it on the basis of a single contract covering both North and South.

CHARLES SWEENEY: Okay. One more time. I recognize there'll be two contracts. Will there be a benefit recognized if, although there are two contracts, the two contracts are awarded ultimately to a single organization or a single consortium group?

GORDON SUMNER: For this evaluation, no.

CHARLES SWEENEY: Another question. This is a little bit easier, I think. You've given us an outline of the program -- the due dates on the 14th of August, on the contracts award planned for mid-October. In between then you mentioned in the opening statements that there would be a short-listing process and a potential for presentations. I'd just like to ask if you could give us a view when the short listing would take place and how big would that short list be?

GORDON SUMNER: How big, I don't know. I don't know how many proposals we'll get, to be honest with you. But we would hope that within three weeks, four weeks after the due date of the proposals, we would have a really good idea. So what is that, mid-September?

CHARLES SWEENEY: And you'd just say that the number as yet you can't say, because you're not sure how many bids you're going to get.

GORDON SUMNER: Correct. And let's just say we have ten proposals and they're all perfect, then we're going to have to have ten oral presentations and try to draw two good ones. I don't know what we'll end up with.

CHARLES SWEENEY: Okay. Thank you for that. And I have one last question. Do you see that there will be any other initiatives going on in Iraq, either through yourselves or through other agencies or other government groups, multinational groups that may overlap or interfere with the work scope which you're outlining in this inquiry?

GORDON SUMNER: I can't say for sure, but I can tell you one of the reasons why we've decided to do two contracts, one North and one South, is so that we won't have two contractors stumbling over each other. We will do all we can to keep other contracts from causing delays. I believe this work in getting the oil flowing is very important to the administration, but I can't say that something else won't overcome it and we would have to tell the contractor to wait and hold for two weeks. At this point, I don't know. That's why there's two contracts, so that each of the contracts work, one with the Northern company and one with the Southern company, and they have their own agendas that hopefully don't overlap.

CHARLES SWEENEY: Okay. Thank you very much.

ROBERT SLOCKBOWER: Okay. Thank you, sir. To the front mike?

BILL McINTOSH: Bill McIntosh, Shaw Group again. In the work scope statement under "Response to Oil Spills," there's a procurement consideration saying there's a need to coordinate responsibilities with a maritime component. Can you tell us who that maritime component is?

DARRELL ALVERSON: Right now it's the Coast Guard.

ROBERT SLOCKBOWER: Any other questions? Thank you, sir.

TED CAMMARATA: Ted Cammarata with The Expro Group. Another practical question, I hope, is what's the intent or what's the plan or interface of the NOC and SOC in the chain of command in terms of ordering out work or ordering out jobs?

DARRELL ALVERSON: Not an easy answer but I'll try. Both the NOC and the SOC both report directly to the Oil Ministry. That's the reason that we try to negotiate at that level and make decisions at that level, so we can try to get away from some of those individual prioritizations. The North Oil Company and South Oil Company are just one of many, okay? There's many oil companies or oil-related companies -- pipeline, drilling, all kind of companies over there -- under the Oil Ministry, so that's why we're trying to interface directly at the Oil Ministry level trying to get some of that prioritization to occur within their organization.

TED CAMMARATA: So I guess as per my prior question, the actual orders for the primes to do the work will be coordinated through yourselves in Dallas with advice from on the ground in Iraq.

DARRELL ALVERSON: Correct.

TED CAMMARATA: Thank you.

ROBERT SLOCKBOWER: Thank you, sir. To the rear microphone.

JOHN DOUGHERTY: Washington Group again. Regarding security, it was earlier stated that CENTCOM provides security to some degree. In Page 2 the solicitation's requirement is for a security plan within seven days. Should the contractors incur on the sample task cost for invoking their own security or assume CENTCOM to provide if there is no security, but there to be a plan to provide security if needed?

GORDON SUMNER: On the sample task you need to assume that your security is being provided.

JOHN DOUGHERTY: Thank you.

ROBERT SLOCKBOWER: Thank you. To the front microphone.

SANDY DAVIS: Just for the record, the last question. One of our worthy competitors you already have under contract over there and have had for a number of months. It happens that they've already performed all of the tasks that you ask for in the sample project and can pull that information obviously off the shelf. So the direct question is, has the government performed a conflict-of-interest determination and convinced yourself that there's no competitive advantage to the incumbent?

MORRIS TANNER: The requirements in the new contract were developed by Team RIO. The ROM was developed by Team RIO. We have looked extensively at the conflict of interest or organizational conflict-of-interest issue. So has Army and DoD. Everyone is convinced at this point that there is no organizational conflict of interest.

ROBERT SLOCKBOWER: Thank you, sir. Any further questions? Going once, going twice. Okay.

I want to thank you all very much for your participation here today. I think that this was as valuable for us as it was hopefully for you. This room will be available for the rest of this afternoon for an opportunity for networking with some of your other adjacent firms. And would just like to let you know that the hotel is available for your use here. You may want to use the café for your lunch. I want to thank you again for your participation. Just as a reminder, the transcript will be going out both on the Web site, as was indicated, plus also e-mailed to the registrants. Thank you very much and have a safe trip.

[END]