

DOD 4140.25-M

DODM

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DEPARTMENT OF DEFENSE MANUALS

DoD Management of Bulk Petroleum Products, Natural Gas, and Coal  
Acquisition and Technology

FOREWORD

This manual is issued under the authority of DoD Directive 4140.25, "DoD Bulk Petroleum Management Policy," January 1993 and DoD 4140.1-R, "DoD Materiel Management Regulation," January 1993. It provides policy guidance, supply procedures, and assigns functional responsibilities for the DoD Integrated Materiel Management (IMM) of bulk petroleum products. It also implements the Military Standard Petroleum System (MILSPETS) and Defense Fuel Automated Management System (DFAMS) which are designed to document inventory data and supply transactions and record such data in a central data bank (via electronic-network) for inventory and financial accountability of bulk petroleum stocks.

In addition to single agency procurement of bulk petroleum products, this manual provides policy guidance and management procedures for central procurement of natural gas (Volume III) and coal (Volume IV) as direct supply by the Defense Energy Support Center (DESC).

This manual applies to the Office of the Secretary of Defense (OSD), Military Departments, Chairman of the Joint Chiefs of Staff, Unified Combatant Commands, and Defense Agencies (hereafter referred to collectively as "DoD Components").

The Defense Logistics Agency prepared this manual in coordination with the DoD Components; it is effective immediately and mandatory for use by all DoD Components. Heads of DoD Components may issue supplementary guidance for unique management requirements.

See administrative instructions, Volume I for submitting recommended changes to this manual.

This manual cancels Volumes I through IV of DoD 4140.25-M, "Management of Bulk Petroleum Products, Storage, and Distribution Facilities," July 1988.

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Deputy Under Secretary  
of Defense (Logistics)



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## TABLE OF CONTENTS

[Foreword](#)

[Distribution of Manual](#)

[Table of Contents](#)

[Index of References](#)

[Acronyms and Abbreviations](#)

[Glossary](#)

[Administrative Procedures](#)

[VOLUME I - INTRODUCTION](#)

[CHAPTER 1 - DoD PETROLEUM MANAGEMENT POLICY](#)

[A. Purpose](#)

[B. Applicability and Scope](#)

[C. DoD Policy](#)

[D. Responsibilities](#)

[E. Procedures](#)

[F. Reporting Requirements](#)

[G. Organizations](#)

[H. DLA/DESC/DERs/DEOs Supply Assistance](#)

[I. DESC's Organizational Staff, DERs, and DEOs](#)

[CHAPTER 2 - DESC FIELD REPRESENTATION](#)

[A. General](#)

[B. CONUS DER/DEOs Areas of Responsibility](#)

[C. CONUS DER/DEOs Functions](#)

[D. Overseas DER/DEOs Areas of Responsibility](#)

[E. Overseas DER/DEOs Functions](#)

[CHAPTER 3 - PETROLEUM PRODUCTS](#)

[A. Federal Supply Class \(FSC\) Responsibility](#)

[B. Bulk Petroleum Products](#)

[CHAPTER 4 - FUEL STANDARDIZATION AND CATALOGING](#)

[A. Standardization Policy](#)

[B. Responsibilities](#)

[C. Administrative Functions](#)

[VOLUME II - PETROLEUM MANAGEMENT](#)

[CHAPTER 1 - REQUIREMENTS FOR PETROLEUM PRODUCTS](#)

[A. General](#)

[B. Budget/Procurement Data](#)

[C. Requirements for Petroleum Products](#)

[D. Requirements for Commercial Services](#)

[E. Requirements for Into-Plane Contracts](#)

[F. Military Interdepartmental Purchase Request \(MIPR\)](#)

[G. DoD Components Authorized to Submit Procurement Requests to](#)

DESC

CHAPTER 2 - PROCUREMENT AND CONTRACT ADMINISTRATION

- A. General
- B. Procurement Responsibility
- C. Contract Administration
- D. Contract Property Administration

CHAPTER 3 - PROCUREMENT QUALITY ASSURANCE (PQA)

- A. General
- B. Quality Responsibility
- C. Government PQA and Acceptance
- D. Reports
- E. Contract Waivers
- F. Military Technical Quality Offices

CHAPTER 4 - ORDERING, REQUISITIONING, AND SLATING

- A. General
- B. Distribution Plan (DP)1
- C. Distribution Plan Authorization (DPA)
- D. Source Identification and Ordering Authorization (SIOATH)
- E. DD Form 1155 - Ordering Fuel From Contractor Sources (Refinery)
- F. Requisitioning Fuel From Intermediate DFSPs
- G. Requisitioning Fuel Additives
- H. Stock Distribution Between Base-Level DFSPs
- I. Slating Program

CHAPTER 5 - SHIPMENTS, ISSUES, AND RECEIPTS

- A. Shipment Notices
- B. Shipment and Receipt Documents
- C. Delivery Hours
- D. Common Receipt Practices
- E. Determining Receipt Quantities
- F. Determining Issue Quantities at DFSPs
- G. Measurement and Temperature Correction (Volume Correction)
- H. Shipping and Receipt Discrepancies
- I. Issues By MSC-Controlled Tankers at Sea
- J. DoD Aircraft Refueling Identaplates
- K. Aircraft Refueling at Into-plane Contract Locations
- L. Aircraft Refueling at Military Bases
- M. Into-Plane Issues/Defuel Transactions at DFSPs
- N. Local Issues of Ground Fuel at DFSPs
- O. DFAMS Reporting

APPENDIX A

A. Volume Calculations

CHAPTER 6 - TRANSPORTATION

- A. General
- B. Rates and Routes
- C. Bills of Lading (CONUS/Alaska)
- D. Demurrage/Detention
- E. Loading and Receiving Capabilities
- F. Pipelines
- G. Barge Shipments
- H. GBL Shipment Rejections (CONUS)
- I. Safety
- J. Inland Transportation Overseas
- K. Military Sealift Command (MSC)
- L. Funding Transportation Costs
- M. Underway Replenishment (UNREP)
- N. In-Port Replenishment (INREP)
- O. Consolidated Cargo (CONSOL)

CHAPTER 7 - QUALITY SURVEILLANCE

- A. General
- B. Quality Surveillance (QS) Program
- C. Quality Surveillance Responsibilities
- D. Minimum Sampling and Testing Requirements
- E. Fuel Laboratories
- F. Stock Rotation Program
- G. Off-Specification Product
- H. Contaminated Tanker Cargoes (Off-Spec Product)
- I. Tank Coating and Cleaning Criteria
- J. Product Use and Intra-Governmental Receipt Limit

CHAPTER 8 - MANAGEMENT OF STORAGE AND DISTRIBUTION FACILITIES

- A. General
- B. Types of Bulk Petroleum Storage Terminals (or DFSPs)
- C. GOGO DFSPs
- D. GOCO DFSPs (Permitted/Licensed to DLA)
- E. GOCO DFSPs (Not Permitted/Licensed to DLA)
- F. COCO DFSPs
- G. Foreign Governments (FG) DFSPs
- H. Inspections
- I. Environmental Protection Program
- J. Worldwide Inventory and Storage Plan (WISP)
- K. Bulk Petroleum Storage Facilities Report (RCS: DD-(P&L(A) 5068-

L. Military Construction (MILCON), Maintenance, Repair, Minor Construction, and Environmental Compliance Programs

CHAPTER 9 - AFLOAT PRE-POSITIONING FORCE (APF)

A. General

B. Accountability

C. Documentation

D. Floating DFSP Message Report (Modified DLA 1884 Report)

E. APF Quality and Quantity Certification Procedures

F. Quality Surveillance (QS)

CHAPTER 10 - ACCOUNTABILITY

A. General

B. Functional Responsibilities

C. Reporting Inventory and Associated Transactions

D. Operating-Storage and Intransit Variances (Losses/Gains)

E. Imported Fuel

F. Authorized Issues

G. Replacement-in-Kind and Fuel Exchange (RIK and FEAs) Agreements

H. Loaning Fuel to Commercial Oil Companies

I. Product Returns for Credit

J. Excess Stock

K. Bulk Petroleum Terminal Message Report (RCS: DLA(W)1884(DESC)MIN

CHAPTER 11 - MANAGEMENT OF POS AND BPWRS LEVELS

A. General

B. POS Policy

C. BPWRS Policy

D. Bulk Fuels Inventory Management Plan (IMP)

E. Functional Responsibilities

F. IMP Table of Events

CHAPTER 12 - FINANCIAL OPERATIONS

A. General

B. Policy

C. Procedures

D. DESC Billing Criteria for Bulk Petroleum Products

CHAPTER 13 - WAR CONTINGENCY AND EMERGENCY CONSIDERATIONS

A. General

B. National and DoD Policy

C. Responsibilities

D. Bulk Petroleum Capability Report (POLCAP)

E. Bulk Petroleum Contingency Report (REPOL)

CHAPTER 14 - FUEL ALLOCATION PROCEDURES

- A. Policy
- B. General
- C. Scope
- D. Procedures

CHAPTER 15 - U.S. GOVERNMENT NATIONAL CREDIT CARD (SF 149)

- A. General
- B. Authorized Supplies and Services
- C. GSA Functions
- D. DoD Administrative Control
- E. Procedures for Requesting SF 149
- F. Completion of SF 149

CHAPTER 16 - MILITARY SUPPORT TO CIVIL AUTHORITIES (MSCA)

- A. General
- B. Major Planning Roles
- C. MSCA System Overview
- D. Emergency Requests/Support Scenario
- E. Immediate Response
- F. Reimbursement of Military Resources
- G. Responsibilities

CHAPTER 17 - TRAINING

- A. General
- B. Responsibilities
- C. Types of Training

CHAPTER 18 - GASOHOL

- A. General
- B. Policy
- C. Responsibilities
- D. Exception Criteria for Use of Gasohol

VOLUME III - NATURAL GAS

CHAPTER 1 - CENTRALIZED ACQUISITION PROGRAM

- A. General
- B. Policy
- C. Responsibilities

CHAPTER 2 - CENTRALIZED CONTRACTING PROCESS

- A. Direct Supply Natural Gas Contract Transition
- B. Contract Administration
- C. Contracting Process
- D. Curtailment Procedures
- E. Ordering, Invoicing, and Payment Procedures
- F. Solicitation/Contract Distribution
- G. Direct Supply Natural Gas (DSNG) Training Program

H. Central Technical and Program Management Offices

APPENDICES

- A. Direct Supply Natural Gas (DSNG) Data Requirements (DD Form 2692)
- B. Direct Supply Natural Gas (DSNG) Procurement Areas
- C. Direct Supply Natural Gas (DSNG) Procurement Schedule
- D. Direct Supply Natural Gas (DSNG) Procedures for Managing Gas in California
- E. Natural Gas Transition of Existing Source Supply Contracts to DESC Decision Matrix
- F. Direct Supply Natural Gas Economic Analysis Spreadsheet

VOLUME IV - COAL

CHAPTER 1 - REQUIREMENTS, PROCUREMENT, AND DISTRIBUTION

- A. General
- B. Requirements
- C. Procurement
- D. Transportation
- E. Excess Stock
- F. Standardization and Cataloging
- G. Quality Complaints

CHAPTER 2 - CONTRACT ADMINISTRATION

- A. Policy
- B. Quality/Quantity Requirements
- C. Inspection at Source (Origin)
- D. Product Acceptance at Destination
- E. Product Rejection at Destination
- F. Contract Waivers

FIGURES

Figure	Title
<u>8-1</u>	<u>MILCON Program Cycle</u>
<u>8-2</u>	<u>Annual M&amp;R/MC/EC Program Cycle</u>

VOLUME V - MILSPETS

NOTE: Volume V will be published at a latter date. Continue to use DoD 4140.25-M dated July 1988, Volume V.

## INDEX OF REFERENCES

References are listed in numeric sequence. Type of publication is abbreviated as follows: D = Directive, H = Handbook, I = Instruction, M = Manual, and R = Regulation.

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24 May 73

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Readiness, 17 Mar 94

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Actions, 30 Jul 79

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Environmental Standards at Overseas Installations, 20  
Sep 91

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Presentation), Dec 94

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Facilities at DoD Installations Utilized by Two or  
More DoD Components, 26 Aug 78

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Government Property Lost, Damaged, or Destroyed, 16  
Mar 91

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## ACRONYMS AND ABBREVIATIONS

Acronym	Definition
AAC	Activity Address Code
ACOM	Atlantic Command
ACSSA	Acquisition Cross Servicing Agreement
ADUSD(L)MRM	Assistant Deputy Under Secretary of Defense (Logistics) Materiel and Resource Management
AF	Air Force
AFB	Air Force Base
AGRMT LINO	Agreement Line Item Number
AIG	Address Indicator Group
ANMCC	Alternate National Military Command Center
AO	Accountable Officer
APF	Afloat Prepositioning Force
API	American Petroleum Institute
ARB	Air Reserve Base (Air Force Reserve)
ARS	Air Reserve Station (Air Force Reserve)
ASTM	American Society for Testing and Materials
AVFUEL	Aviation Fuel
BAFO	Best and Final Offer
BBL	Barrel
BEP	Basic Emergency Plan
BFMO	Base Fuel Management Office
B/L	Bill of Lading
BBL	Barrel
BPH	Barrels Per Hour
BPWRR	Bulk Petroleum War Reserve Requirement
BPWRS	Bulk Petroleum War Reserve Stock
BRAC	Base Realignment and Closures
CAA	Clean Air Act
CAO	Contract Administrative Office
CAS	Contract Administration Services
CBL	Commercial Bill of Lading
CCC	Command Control Center
CD	Code
CDR FORSCOM	Commander, Forces Command
CENTCOM	Central Command
CEOA	Central European Operating Agency
CEPS	Central European Pipeline System
CINC	Commander in Chief
CINCAMC	Commander in Chief, Air Mobility Command
CINCCENT	Commander in Chief Central
CINCEUR	Commander in Chief European Command
CINCLANT	Commander in Chief Atlantic
CINCPAC	Commander in Chief Pacific
CINCISO	Commander in Chief South
CJCS	Chairman Joint Chiefs of Staff
CLIN	Contract Line Item Number
COB	Collocated Operating Bases
COCO	Contractor-Owned Contractor-Operated
COMPSON	Squadron Commander Maritime Pre-Position Ships
COMSC	Commanding Officer Military Sealift Command
CONUS	Continental United States (48 states)
CONUSA	Continental United States Army
COR	Contracting Officer Representative
CSAP	Customer Supply Assistant Program

DAAS	Defense Automated Addressing System
DADS	DFAMS Asynchronous Dial-up System
DASC	DLA Administrative Support Center
DCMAO	Defense Contract Management Area Operations
DCMC	Defense Contract Management Command
DCMCI	Defense Contract Management Command International
DCMD	Defense Contract Management District
DCO	Defense Coordinating Officer
DDR	Daily Demand Rate
DEPPM	Defense Energy Program Policy Memorandum
DFAMS	Defense Fuel Automated Management System
DFARS	DoD FAR Supplement
DFAS	Defense Finance and Accounting Service
DEO	Defense Energy Office
DER	Defense Energy Region
DESC	Defense Energy Support Center
DFSP	Defense Fuel Support Point
DI	Document Identifier
DIC	Document Identifier Code
DICP	Designated Intermediate Control Point
DIDS	Defense Integrated Data System
DIEGME	Diethylene Glycol Monomethyl Ether
DISCON	Discrepancy in Shipment Confirmation
DLA	Defense Logistics Agency
DLAR	Defense Logistics Agency Regulation
DLMSO	Defense Logistics Management Support Office
DLSC	Defense Logistics Service Center
DoD	Department of Defense
DoDAAC	Department of Defense Activity Address Code
DoDAAD	Department of Defense Activity Address Directory
DoD(C)	Department of Defense (Comptroller)
DoE	Department of Energy
DOMS	Director of Military Support
DOS	Days of Supply
DP	Distribution Plan
DPA	Distribution Plan Authorization
DRF	Defense Revolving Fund
DRIS	Defense Regional Interservice Support
DRMO	Defense Reutilization and Marketing Office
DRMS	Defense Reutilization and Marketing Service
DSCR	Defense Supply Center, Richmond
DSN	Defense Switching Network
DSNG	
DUECC	Defense Utilities Energy Coordinating Council
DUSD	Deputy Under Secretary of Defense
DUSD(L)	DUSD for Logistics
DWCF	Defense-wide Working Capital
EFB	Emergency Fuel Buy
EGME	Ethylene Glycol Monomethyl Ether
EPA	Environmental Protection Agency
ERQ	Economic Resupply Quantity
ERS	Emergency Relocation Site
EUCOM	European Command
FAA	Federal Aviation Agency
FAMS	Fuels Automated Management System
FAR	Federal Acquisition Regulation
FCO	Federal Coordinating Officer

FEA	Fuel Exchange Agreement
FEMA	Federal Emergency Management Agency
FER	Federal Energy Regulation
FG	Foreign Government
FLIP	Flight Information Publication
FMS	Foreign Military Sales
FOB	Free on Board
FORSCOM	Forces Command (Army)
FRP	Federal Response Plan
FSC	Federal Supply Class
FSI	Final Shipment Indicator
FSII	Fuel System Icing Inhibitor
FTS	Federal Telecommunication System
FY	Fiscal Year
GAO	General Accounting Office
GBL	Government Bill of Lading
GFM	Government Furnished Materiel
GOCO	Government-Owned Contractor-Operated
GOGO	Government-Owned Government-Operated
GSA	General Services Administration
HNS	Host Nation Support
HQ	Headquarters
IAD	Inventory Adjustment Document
IAW	In Accordance With
ICP	Inventory Control Point
ID	Identifier
IFB	Invitation For Bid
IG	Inspector General
ILP	International Logistics Program
IMM	Integrated Materiel Management
IMP	Inventory Management Plan
INDC	Indicator
IPD	Issue Priority Designator
IPRB	Installation Planning and Review Board
IPRFP	Installation Planning Review Functional Panel
ISA	Interservice Support Agreement
ISCP	Installation Spill Contingency Plan
JCS	Joint Chiefs of Staff
JMPAB	Joint Materiel Priorities and Allocations Board
JP_	Jet Petroleum 8 (JP8), etc.
JPO	Joint Petroleum Office
JRDC	Joint Regional Defense Command
JSOP	Joint Strategic Objective Plans
JTF	Joint Task Force
KSN	Kerosene
LDC	Local Distribution Company
LRC	Logistics Readiness Command
LT	Long Ton
LTLS	Less Than Truckload Shipment
M&R	Maintenance and Repair
MAP	Military Assistance Program
MC	Minor Construction
MDQ	Maximum Daily Quantity
MGT	Management
MILCON	Military Construction
MILSPETS	Military Standard Petroleum System

MILSTRAP	Military Standard Transaction Reporting and Accounting Procedures
MILSTRIP	Military Standard Requisitioning/Issue Procedure
MIPR	Military Interdepartmental Purchase Request
MIRR	Materiel Inspection and Receiving Report
MOU	Memorandum of Understanding
MSC	Military Sealift Command
MSCA	Military Support to Civil Authorities
MSCP	Military Service Control Point
MTMC	Military Traffic Management Command
MTMCEA	Military Traffic Management Command Eastern Area
NASA	National Aeronautics and Space Administration
NATO	North Atlantic Treaty Organization
NGR	National Guard Regulation
NLT	No Later Than
No.	Number
NOSR	Naval Oil Shale Reserves (Gas)
NPDES	National Pollutant Discharge Elimination System
NSN	National Stock Number
O&M	Operations and Maintenance
OA	Obligation Authority
OCR	Optical Character Recognition
OJCS	Office of Joint Chiefs of Staff
OPCON	Operation Control
OSD	Office of Secretary of Defense
OSD(L)	OSD (Logistics)
PA	Property Administrator
PACOM	Pacific Command
PAO	Peacetime Acquisition Objective
PC&S	Posts, Camps, and Stations
PD	Priority Designator
PDC	Publication Distribution Center
PDO	Property Disposal Office
PIIN	Procurement Instrument Identification Number
PMAT	Petroleum Management Assistant Team
POA	Peacetime Operating Assets
POC	Point of Contact
POL	Petroleum, Oil, and Lubricants
POLCAP	Bulk Petroleum Capabilities Report
POM	Program Objective Memorandum
POS	Peacetime Operating Stock
POSA	Peacetime Operating Stock Authorization
PPD	Project Priority Document
PQA	Procurement Quality Assurance
PQS	Petroleum Quality Surveillance
PR	Purchase Request
PTQ	Pipeline Time Quantity
QA	Quality Assurance
QAR	Quality Assurance Representative
QAS	Quality Assurance Specialist
QR	Quality Representative
QS	Quality Surveillance
QSR	Quality Surveillance Representative
RCS	Report Control Symbol
RDD	Required Delivery Date
RDO	Redistribution Order
REPOL	Bulk Petroleum Contingency Report

RFP	Requests for Proposal
RI	Routing Identifier
RIK	Replacement-in-Kind
REMT	Regional Emergency Management Team
RMEC	Regional Military Emergency Coordinator
RO	Responsible Officer
RP	Record Position
SA	Supplementary Address
SAPO	Subarea Petroleum Office
SBSS	Standard Base Supply System
SCP	Service Control Point
SDA	Static Dissipator Additive
SIOATH	Source Identification and Ordering Authorization
SL	Safety Level
SOCOM	Special Operations Command
SOUTHCOM	Southern Command
SPACECOM	U.S. Space Command
SPCCP	Spill Prevention Control and Counter-Measure Plan
STARC	State Area Command (Army National Guard)
STRATCOM	Strategic Command
SUMO	Service Utilities Management Office
SUPAAC	Supplementary Activity Address Code
SUPPADD	Supplementary Address
TAD	Type Activity Designator
TC	Tank Car
TDR	Transportation Discrepancy Report
TSN	Transaction Sequence Number
TT	Tank Truck
UECC	Utilities Energy Coordination Council
UI	Unit of Issue
UMMIPS	Uniform Materiel Movement/Issue Priority System
UNCL	Unclassified
UNREP	Underway Replenishment (Navy)
U.S.	United States
USA	United States Army
USACOM	United States Atlantic Command
USAF	United States Air Force
USAPC	U. S. Army Petroleum Center
USCENTCOM	United States Central Command
USD(A&T)	Under Secretary of Defense (Acquisition & Technology)
USEURCOM	United States European Command
USN	United States Navy
USPACOM	United States Pacific Command
USSOUTHCOM	United States Southern Command
VESAAC	Vessel Activity Address Code
WAA	Wartime Aircraft Activity
WAS	Weekly Arrival Schedule (ocean tankers)
WISP	Worldwide Inventory and Storage Plan
WMPC	War Materiel Procurement Capability
WMR	War Materiel Requirement
WRP	War Reserve Program
YO/YON	Yard Oiler

## GLOSSARY

Accountable Officer (AO). A Government employee (military or civilian) so appointed by proper authority to maintain item/financial records of Government property; such person may or may not have possession of the property (re: DoD 7200.10-M). See also Responsible Officer.

Accountability. The obligation imposed by law, lawful order, or regulation on an officer for keeping accurate records of property, funds, or documents; such person may or may not have custody of the property, funds, or documents. "Accountability" is concerned primarily with records, whereas "responsibility" is concerned primarily with custody, care, and safekeeping (re: DoD 7200.10-M and Joint Pub 1-02).

Acquisition Objective. The quantity of war reserve stocks requested for funding in any fiscal year to buildup intermediate DFSP levels.

Advice of Obligation Authority. Funding document that permits the receiving activity to incur obligations and expenditures within the limits established in the document. The Advice of Obligation Authority cannot be redelegated to others. A violation of subsections 1341(a) or 1517(a) of 31 U.S.C. occurs when the specific dollar limitation is exceeded.

Alongside Aircraft Fuel Delivery. Transporting Government-owned fuel from a storage facility into the fuel tanks of an aircraft. Charges for this service do not include the cost of the fuel.

Alternative Fuels. Products used in place of gasoline and diesel fuels (such as compressed natural gas, liquefied natural gas, electricity, and alcohols). These products cannot be used in gasoline or diesel engines unless the engine is modified or replaced. The term is also used to refer to fuels that have been reformulated, blended with oxygen-rich components or otherwise altered to comply with environmental regulations (examples include reformulated gasoline, gasohol, oxygenated gasoline and low sulfur diesel). These fuels can be used in engines without modifications.

AVGAS. Common expression for aviation gasoline such as grades 100/130 and 115/145.

Aviation Fuel (AVFUEL). Petroleum products formulated and blended for use in aircraft engines (jet, reciprocating, and piston engines).

Base-Level DFSP. DFSP located on a service-operated military installation that routinely issues to end user.

Base-Level Quality Surveillance. Military quality control measures requiring limited base-level tests to evaluate the cleanliness of fuel and fuel-handling systems for operational use; such efforts are not a substitute for area fuels laboratory requirements. Military Services fund base-level quality surveillance costs. (Note, DLA reimburses the Military Services for providing testing services of DLA-owned products at area fuel laboratories.)

Barrel (BBL). A unit of quantity for oil equal to 42 U.S. gallons or 9702.0 cubic inches.

Blended Gasoline. Oxygenated and reformulated gasoline and gasohol procured under ASTM D4814 and gasohol procured under MIL-G-53306.

Bonded Fuel. Petroleum products imported from a foreign supplier into the U.S. and used by vessels or aircraft for flights or voyages outside the CONUS area. Reference DLAR 4220.4, Petroleum Products Imports.

Breakout Tankage. Storage tanks associated with pipelines systems as intermediate storage to facilitate product deliveries to DFSPs. Bulk Petroleum Product. Petroleum product delivered in volumes greater than 208 liters (55 U.S. gallons) such as tank trucks/cars, pipelines, coastal barges, and ocean tankers. Product is stored in tankage having a fill capacity greater than 208 liters (55 U.S. gallons). (Exception, fuel in 500 gallon (1900 liters) collapsible drums are managed/supplied by DGSC via MILSTRIP system.)

Bulk Petroleum War Reserve Requirement (BPWRR). Fuel required in support of the SECDEF Defense Planning Guidance to be positioned prior to hostilities at or near the point of planned use; it is designed to reduce reaction time and to ensure adequate support of military forces during early stages of war until stocks can be replenished.

Bulk Petroleum War Reserve Stock (BPWRS). The on-hand assets designated to satisfy the BPWRR. It should be dedicated, set aside, and quantifiable stocks of militarily suitable products.

Bulk Storage Facility. Tankage storing DLA-owned bulk petroleum products purchased under bulk contracts.

Bunker. A compartment below deck for storing fuel used in the boiler firing of a ship; to load fuel into a vessel's bunker for its own use as distinguished from loading it as cargo.

Burner Tip. The point in an installation's natural gas system at which the natural gas is actually consumed.

Capitalization. The process whereby the DLA division of the Defense-wide Working Capital Fund assumes management responsibility and ownership (title) with- out reimbursement for inventories financed from other DoD appropriations or funds, except as provided by DoD 7420.13-R, Stock Fund Operations.

Citygate. The point in the natural gas transmission system at which the LDC receives wholesale gas deliveries.

Clean Alternative Fuel. Any fuel (including methanol, ethanol, or other alcohols at 85 percent or more by volume), reformulated gasoline, diesel, natural gas, liquified petroleum gas, and hydrogen or power sources (including electricity), used in a clean fuel vehicle that complies with the emission standards in section 241(2) of the Clean Air Act.

been certified to meet for any model year the clean fuel vehicle emission standards applicable in section 214(7) of the Clean Air Act.

Common-Service. Nonreimbursable service that has been directed by OSD or agreed upon between or among DoD Components; services such as operating storage facilities, lab testing, telephone/office equipment.

Consolidated Cargo (CONSOL). MSC-controlled tanker resupplies fleet oilers with cargo fuel at sea.

Construction. The erection, installation, or assembly of a new real property facility; the addition, expansion, extension, alteration, conversion, or replacement of an existing real property facility; or the relocation of a real property facility from one base to another.

Contaminated Product. An off-specification product resulting from mixing with another product or products of different type and grade or by introduction of foreign matter such as rust, dirt, or water. Contract Bulletin. Title of pamphlets published/distributed by DESC which indicate the commercial supplier and associated contract data awarded by DESC-P. Contract bulletins supply fuel in bulk such as motor gasoline, diesel, kerosene, and heating oil directly to military bases from the local commercial supplier; delivery is to the storage designated in the bulletin. Base ordering officers order the fuel.

Contract Property Administration. A contract administration function with prescribed property management procedures and techniques designed to meet management data requirements of the Government and to protect the interests of the Government at minimum cost.

Contracting Officer Representative (COR). The person designated in writing by the Contracting Officer; acts as the authorized COR to monitor specific aspects of the contract and initiate action as authorized in the letter of appointment. COR responsibilities/limitations are established by the Contracting Officer.

Cross-Service. Reimbursable support performed by one Military Service for another Military Service for which payment is required from the Military Service receiving the support.

Defense-wide Working Capital Fund (DWCF). A DoD financial system that provides cost visibility and accountability wherein DoD operates more like a business. DWCF functions as a revolving fund financing inventories of supplies and associated costs. DLA inventories are sold to end user operational accounts (military units and Federal Agencies) which reimburse the DLA Division, DWCF.

Defense Fuel Automated Management System (DFAMS). An automated data system with a central data bank which records MILSPETS transactions. DFAMS is designed to: (1) integrate bulk fuel management data (supply transactions, inventory, financial, procurement, requirements, and distribution), (2) incorporate GAO approved accounting principles and standards to ensure proper inventory and financial accounting, and (3) provide DESC and other DoD Components with management data required in support of decisions and actions in meeting the fuel needs of the Military Services and Federal Agencies.

Defense Energy Office (DEO). A management component of a DER; may perform the usual functions of a DER.

Defense Energy Region (DER). A management component of the Defense Energy Support Center with a geographic area of responsibility to monitor DESC contracts for adequate customer support, control fuel deliveries, perform contract administration functions such as property administration and quality surveillance, provide/coordinate transportation support and emergency planning, and report inventory/supply transactions to the central data bank in DFAMS.

Defense Energy Support Center (DESC). An organizational component of the Defense Logistics Agency (DLA). DESC is the integrated manager/DoD central procurement agent for bulk petroleum, natural gas, coal and associated services. DESC (DLA) owns and manages the bulk petroleum products in the Defense Department to the point-of-sale (end user); see definition of point-of-sale.

Defense Fuel Support Point (DFSP). A bulk fuel storage facility (or terminal) which receives, stores, and issues DLA-owned product in support of military/Federal Agency requirements. There are two categories of DFSPs: (1) intermediate and (2) base-level. See volume II, chapter 8 for types of DFSPs such as GOGO, GOCO, COCO, FG, and NATO. Note, breakout tanks associated with commercial pipeline systems are not designated DFSPs; such tanks are part of the pipeline system.

Department of Defense Activity Address Code (DoDAAC). A distinct six-position alphanumeric code assigned to identify military, Federal, and contractor units/organizations. Codes are listed in DoD 4000.25-6-M (see reference index). Designated Intermediate Control Point (DICP). A fuel unit (DER, SAPO, DFSP, etc.) that provides DFAMS inventory and supply transactions.

DFAMS Asynchronous Dial-Up System (DADS). A software package developed by DESC whereby DFSPs transmit inventory and supply transactions electronically to the DFAMS central data bank.

Direct Supply Natural Gas Contracting. Contracting under a single manager process that aggregates the requirements of various customers for competitive acquisition.

Distribution Plan (DP). Contract data prepared and published by DESC to advise DERs/DEOs of contract sources (refineries) or DFSPs and military bases scheduled to receive fuel (see volume II, chapter 4).

Distribution Plan Authorization (DPA). An outline of contract data, quantitative requirements, and ordering limitations per contract; and authorizes DERs/DEOs to order fuel from contractors (refineries).

Downgrading. Off-specification or contaminated fuel which is blended with other product for use as a lower grade of fuel.

Economic Resupply Quantity (ERQ). Represents the amount of fuel delivered in increments at the most optimum transportation mode/rate. Factors considered: usable storage capacity, volume rates, depth of waterway, maximum capacity of vessel, and minimum tender acceptable.

Emergency Distribution Plan (EDP). A document designed to show how BPWRS in CONUS is planned to be delivered to base level DFSPs from intermediate DFSPs and the estimated daily delivery rates. Tentative transportation arrangements are made by the CONUS DERs/DEOs using data primarily from the Inventory Management Plan (IMP).

Environmental Compliance. See volume II, chapter 8 of this manual.

Firm Natural Gas Contracts. Firm natural gas contracts are those which require delivery via firm pipeline transportation. Pipeline reservation (demand) charges for firm natural gas contracts are paid (whether natural gas

is delivered or not) based upon an established maximum daily quantity (MDQ) of natural gas that the pipeline has agreed will be delivered to a firm natural gas transportation customer serviced by the pipeline.

Flash Point. The lowest temperature at which liquid gives rise to a flammable gaseous mixture, demonstrable from its explosive quality.

Floating Storage. Vessels used as DFSPs.

Free-on-Board (FOB) Destination. Product is accepted at destination by the Government. Shipper provides transportation.

Free-on-Board (FOB) Origin. Product is accepted at origin (source) by the Government. Government provides commercial transportation.

Fuels Automated Management System (FAMS). Air Force electronic data system designed to record supply transactions automatically in peacetime and wartime at the point-of-sale. It improves inventory management, cash flow, credit management, and provides associated benefits such as environmental protection, safety, and reduced operating costs.

Gasohol. A gasoline-alcohol blend consisting of 90 percent by volume unleaded gasoline and 10 percent by volume 197-proof anhydrous ethyl alcohol, conforming to ASTM D4806. Applicable local environmental regulations are the determining factor concerning whether or not gasohol can be sold and used in carbon monoxide (CO) control areas as an oxygenated gasoline. Gasoline. A volatile mixture of liquid hydrocarbons, containing small amounts of additives, suitable for use as a fuel in spark-ignition, internal combustion engines which meets the standards established in ASTM D4814.

Gauging. A process of measuring the height of a liquid in a storage tank. This is usually done by lowering a weighted graduated steel tape through the tank roof and noting the level at which the oil surface cuts the tape when the weight gently touches the tank bottoms.

Ground Products. Fuel used to power vehicles, generators and other ground equipment. Products are usually supplied by PC&S contract bulletins.

Hydrant System. An aircraft fuel servicing facility that can provide fuel through one or more outlets into an aircraft. The hydrant system generally consists of operating storage tanks (usually 25 to 50,000 gallons/95 to 189,300 liters), pumps, filter-separators, pipelines, and dispensing outlets.

Integrated Materiel Management (IMM). A logistic concept wherein a single agency of the Defense Department has total management responsibility for supplying a specific product or group of related items to the Armed Forces of the United States.

Intermediate Storage (or DFSP). Product stored for subsequent issue to multiple end customers.

Intermodal Tank Container. A delivery device consisting of a tank with a capacity ranging from 4,500 to 6,500 gallons (17,000 to 24,700 liters) nestled in a steel frame cage and able to be transported by wheel, rail or water. Intermodal tank containers are normally used for delivery of bulk products (lube oils, FSII, and aviation gasoline) where the total

requirements and parcel sizes are small and where delivery from supplier to user cannot otherwise be made a single transportation mode.

Interruptible Natural Gas Contracts. Those contracts in which the delivery of natural gas may be curtailed or interrupted (usually with some advance notice) based upon pipeline capacity limitations. Curtailments of this nature are more common during peak demand time-frames.

Interservice Support Agreement (ISA). Support provided by a military or Federal Agency to another military or Federal Agency and at least one of the agencies is a DoD Component.

Into-Plane. A supply technique whereby the U.S. Government contracts with a contractor to refuel military aircraft at commercial airports, with specified contract fuel. The fuel, lube oil, and refueling facilities (storage tank, vehicle, and equipment) are supplied by the contractor with commercial product. The use of Government refueling trucks, equipment, bladders, etc. are not authorized unless so stipulated in the into-plane contract. Note: Commercial aircraft under a Government charter or contract may be refueled at into-plane locations.

Intra-Governmental Receipt Limit. Maximum or minimum limits permissible for shipment of DLA-owned product to an intermediate or base-level DFSP. These limits are contained in MIL-HDBK-200, Quality Surveillance Handbook for Fuels, Lubricants and Related Products.

Inventory Management Plan (IMP). A DoD integrated plan of bulk fuel inventory levels and storage requirements designed to utilize DoD resources more efficiently and provide financial management data.

Joint Petroleum Office (JPO). A unified command staff function responsible for all aspects of bulk petroleum logistics within the cognizance of the CINC. Responsibilities include the management of bulk petroleum products, including war reserves, peacetime operating stocks, distribution of product, quality control, facilities management, and the development of contingency plans.

Local Distribution Company. Term normally used in the natural gas industry referring to the local company responsible for distributing natural gas.

Maintenance. The current, daily, periodic or scheduled work required to preserve a facility from deteriorating. See volume II, chapter 8 of this manual for examples of maintenance projects.

MBBL. Units in thousands of barrels, 200MBBL = 200,000 barrels.

Manifold Fill. The gross volumetric capacity of a pipeline within a terminal complex which is used to connect storage tanks.

Marine Fuel. Petroleum products (such as F76 and marine gas oil (MGO)) used in the propulsion of ships/boats and for the operation of marine equipment.

Maximum Fill Level. The highest point to which a petroleum storage tank may be filled to allow for product expansion and safety.

Military Construction (MILCON). A single project at a military base that includes all construction material needed to produce a complete and usable facility which costs \$300,000 or greater.

Military Interdepartmental Purchase Request (MIPR). A MIPR cites funds for services to be performed and authorizes obligations and expenditures within specific dollar limitations after the receiving activity formally accepts the MIPR. A violation of subsections 1341(a) or 1517(a) of 31 U.S.C. occurs when the specific dollar limitation is exceeded.

Minor Construction. A single project at a military base that includes all construction material needed to produce a complete/usable facility or a complete and usable improvement to an existing facility with a total cost less than \$300,000. See volume II, chapter 8 of this manual for examples of minor construction projects.

Mogas. Common expression for motor (automotive) gasoline.

Monthly Switching. This term is unique to the natural gas industry. It's the process by which the LDC allows customers to switch natural gas sources of supply, on an established frequency (i.e., monthly) between the LDC gas "sales" or another supplier's transportation gas.

Non-Recoverable Tank Bottoms. The mixture of fuel, sludge, rust, etc., remaining in a tank which cannot be recovered as usable fuel.

Order. The placement of a request for fuel from a refinery.

Off-Specification. Term describing a petroleum product which fails to meet the requirements of the applicable specification.

Operating Storage. Fuel in tankage that directly supports aircraft refueling operations.

Operational Control (OPCON). See Joint Pub 1-02 (formerly JCS Pub 1), Department of Defense Dictionary of Military and Associated Terms.

Operations and Organizational Maintenance (O&M). Operating costs such as personnel costs, housekeeping costs (grease valves, replace gaskets, clean and maintain equipment, etc.), and related supplies. This is a military responsibility; it is budgeted and funded by the military. The operating and organizational costs of GOGO facilities are not funded by DLA/DESC.

Oxygenated Gasoline. A reformulated gasoline, certified by the EPA under rulings implementing the Clean Air Act (CAA) for use primarily in CO control areas beginning November 1, 1992, and formulated to reduce vehicle exhaust emissions and to meet the following limits:

- a. Minimum average of 2.7 percent (by weight) oxygen, and
- b. Reduced volatility (measured by Reid Vapor Pressure (RVP) in pounds per square inch of gravity (psig)) during colder months, e.g., November 1-March 1, of a maximum 7.8 psig in CO control areas.

Packaged Petroleum Products. Petroleum products packaged in containers of 55 U.S. gallons (208 liters) or less.

Peacetime Operating Stock (POS). Inventory at DFSPs to sustain peacetime operations. It includes unobtainables, safety levels, augmented levels and economic resupply quantity (ERQ).

Pipeline Fill. The gross volumetric capacity of cross-country pipelines between storage locations. (Local pipelines within a terminal are part of the manifold fill capacity.)

Point-of-Sale. Where title (ownership) of stocks transfer from DLA to the Military Services or Federal Agency.

POL. A broad term which includes all petroleum products used by the Armed Forces. It originated as an abbreviation for petroleum, oil, and lubricants.

Posts, Camps, and Station (PC&S). PC&S is the name of the purchase program used primarily to procure commercial ground product.

Property Administrator. An authorized representative of the Contracting Officer appointed/assigned to administer the contract requirements and obligations relating to Government property (FAR 45.5).

Quality Assurance (QA). A contract administration function performed by the Government in determining whether contractors fulfill contract requirements and specifications of petroleum products and related services. (Note: QA ends and QS begins when the product is accepted by the QAR; acceptance of the product represents the transfer of ownership from contractor to Government.)

Quality Assurance Representative (QAR). A person who represents the contracting officer in performing procurement quality assurance functions of petroleum products at contractor refineries or supply points. Note: DCMC QARs perform QA in CONUS; DCMCI QARs perform QA overseas.

Quality Representative (QR). An organizational title assigned to a person responsible for quality assurance or surveillance functions.

Quality Surveillance (QS). The aggregate of measures (blending, stock rotating, sampling, etc.) used to determine and maintain the quality of Government-owned bulk petroleum products to the degree necessary to ensure that such products are suitable for their intended use.

Quality Surveillance Representative (QSR). An authorized representative of the Contracting Officer who performs quality surveillance functions of petroleum products at a contractor storage facility, load or discharging ports and commercial pipeline facilities.

Reclamation. The procedure that will restore or change the quality of a contaminated or off-specification product so that it will meet the specification of the original product or a lower grade product.

Recoverable Tank Bottoms. Fuel in useable condition below the suction manifold or drawoff line of a storage tank which is not available during normal operations but, which can be recovered with bottom suction lines or portable pumps and hoses.

Redistribution Order (RDO). A document/action directing the shipment of product between DFSPs. RDOs are controlled by DERs/DEOs in CONUS and DERs/SAPOs overseas.

Reformulated Gasoline. Gasoline, certified by EPA under rulings implementing Clean Air Act Sections 7401 through 7671. For use primarily in ozone nonattainment areas beginning January 1, 1995, and formulated to reduce vehicle exhaust emissions and to meet the following limits:

- a. Minimum average of 2.0 percent (by weight) oxygen;
- b. Maximum average of 1.0 percent (by volume) benzene;
- c. Maximum average of 25 percent (by volume) aromatics;
- d. Reduced volatility (measured by RVP in psig) during warmer months, e.g., June 1 - September 15, of a maximum 7.2 psig and 8.1 psig in southern and northern nonattainment areas, respectively;
- e. Lead must be less than 0.13 grams/liter and other heavy metals also controlled; and
- f. Deposit control additives at levels set by EPA.

Region. Area as established in the IMP by DESC-OS (in coordination with the CINCs and Military Services) for inventory management purposes by combining inventory levels capable of providing maximum mutual support to a DFSP within their area of responsibility.

Repair. The restoration of a real property facility to such condition that it may be effectively utilized for its designated purpose. See volume II, chapter 8 of this manual for examples of repair projects and when such projects are classified "construction" projects.

Replacement-in-Kind (RIK). An agreement made to provide reciprocal support between the U.S. military forces and foreign governments.

Requirements Balance. The cumulative difference between the amount of product slated for an ocean DFSP and the cumulative amount received by tankers (cargo number) at the DFSP.

Requirements Determination. A supply function used to compute the fuel needed in support of military operations.

Requisition (DFSP). The placement of a request with a DFSP for fuel.

Responsibility. (1) The obligation to fulfill an assigned task to a successful conclusion; with responsibility goes authority to direct and take the necessary action to ensure success. (2) The obligation for the proper custody, care, and safekeeping of property or funds entrusted to the custody or supervision of a person (re: DoD 7200.10-M and JCS Pub. 1). See also accountability.

Responsible Officer (RO). A Government employee who is a U.S. citizen (military or civilian) appointed by proper authority to exercise care, custody, and safe-keeping of Government property; property may be in possession or under supervision of such person (re: DoD 7200.10-M). See also Accountable Officer.

Safe Fill Capacity. Tank volume available for actual fuel storage. The safe fill capacity is calculated as the shell capacity less the expansion space (vapor space).

Safety Level (SL). The amount of fuel included in the POS formula to compensate for variability in resupply time and demand during the resupply cycle. SLs are maintained to prevent stock outages where no BPWRS are held or

to provide a confidence level that at least 85 percent of a specific location's authorized BPWRS levels are available.

Sale. DLA-owned product issued to Military Services, Federal Agencies, etc. from a DFSP or direct from a refinery that result in DESC billing.

Seasonal Resupply. DFSPs that are resupplied seasonally (such as closed ports in the winter) may establish stock levels sufficient to ensure stock availability between resupply seasons plus 30 days.

Shell Capacity. The gross volumetric capacity expressed in barrels of a petroleum storage tank, including nonrecoverable tank bottoms.

Slates. Monthly reports of planned requirements for tanker delivery. Slating represents current and future requirements at ocean DFSPs. All slating activities shall calculate requirements for 4 months (current plus 3 months).

Source Identification and Ordering Authorization (SIOATH) Form. The SIOATH document indicates who is authorized to order or requisition bulk fuel directly from a designated supplier. SIOATHs are prepared and issued by DERs/DEOs to DoD bases and other Federal units who will be obtaining fuel via DESC contracts or DFSPs. The two types of SIOATHs are as follows:

- a. SIOATHs for contractor (refinery) sources are computer produced by DFAMS but may be manually prepared on DESC Form 21.1. These contain contract data and maximum quantity to be ordered from a contractor on DD Form 1155, Order for Supplies or Services. Bases schedule actual deliveries.
- b. SIOATHs for DFSP sources are prepared on DESC Form 21.1; these indicate who may requisition fuel from DFSPs on DD Form 1348-7, DoD MILSPETS Single Line Item Requisition/Release/Receipt Document.

Strapping. Measuring storage tanks and cargo carriers for capacity.

Subarea Petroleum Office (SAPO). Regional components supporting a JPO and usually responsible for regional JPO functions and for coordinating facility projects, inventory/supply reports, slating and transportation requirements between DESC, MSC, and the Military Services. SAPOs are located overseas.

Supplementary Address. Identifies the recipient of stock or the billing activity when such activity is other than the requisitioner.

Surcharge. A pro rata administrative charge reflecting the operational, general and administrative costs incurred by DESC for operation of the direct supply natural gas program.

Tankage. Bulk petroleum storage tanks; associated terms:

- a. Expansion Space (Vapor Space). Space at top of tank reserved for expansion of fuel resulting from increases in temperature.
- b. Ullage. The volume of available space in a container unoccupied by contents. Hence ullaging, a method of gauging the contents of a tank by measuring the height of the liquid surface from the top of the tank.

Tank Car. Rail car specifically designed to transport petroleum products.

Tank Truck (TT). Delivery truck on which a meter is not required, but is equipped with a 15-foot (5 meter) hose and having a capacity generally ranging from 6,500 to 11,000 gallons (24,600 to 41,600 liters).

Tank Wagon (TW). Delivery truck equipped with a meter, nozzle, 100 feet (30 meters) of hose, and used for making multiple, small deliveries and on which seals are not required. Capacity of a tank wagon can range up to 5,200 gallons (19,700 liters).

Truck and Trailer. Delivery truck equipped with a 15-foot (5 meter) hose (meter not required); capacity is normally 9,000 gallons (34,000 liters) minimum.

Ullage. See definition for tankage.

Unavailable Storage. The amount of usable storage (by product) which is within the reporting complex but unable to receive usable product due to: tankage out of service for repair, cleaning, etc.; blending fuel; cross-country pipeline fill requirements; or other reasons.

Underway Replenishment (UNREP). Fleet oilers refuel ship bunkers at sea.

Unobtainable Inventory. Quantity required to prime a storage and dispensing system. It consists of cross-country or system pipeline fill, manifold fill, and tank bottoms below the suction line.

Unusable Storage. Unused tankage space due to structural deficiencies, safe fill height restrictions, and floating roof displacement.

Usable Storage. This amount represents the amount of storage space available to hold product that is readily available for issue to customers for consumption. It is calculated as the system max fill minus unobtainables. This amount can also be determined by taking the total safe fill capacity minus the tank bottom inventory.

Use Limits. Acceptable deviations to specification and chemical requirements that still permit use of the product in consuming equipment. These limits are contained in the Military Services' regulations and manuals.

War Materiel Procurement Capability (WMPC). The quantity of an item which can be acquired by orders placed on or after D-Day operation commences from industry or from any other available source during the period prescribed for war materiel procurement planning purposes.

Worldwide Inventory and Storage Plan (WISP). A DoD integrated plan of bulk petroleum inventory and storage requirements designed to: utilize DoD resources more efficiently, eliminate duplication of effort among DoD Components in obtaining additional storage facilities, and support inventory management decisions in contracting for additional storage facilities.

ADMINISTRATIVE PROCEDURES

A. GENERAL

1. This manual consists of five volumes:

Volume I ..... Introduction  
Volume II ..... Management of Bulk Petroleum  
Volume III ..... Natural Gas  
Volume IV ..... Coal  
Volume V ..... MILSPETS (to be published  
at a future date).

2. Page numbers correlate to chapters and appendices. Appendices are numbered by alphanumerics (A1, B10, etc.). Chapters are organized as follows:

A. Section

1. Subsection

a. Paragraph

(1) Subparagraph

(a) Subparagraph

1 Subparagraph

- B. CHANGE NOTICE. Amendments to the manual are published as change notices by the Defense Logistics Agency/DLA-MMSB in coordination with DoD Components and DUSD(L) Materiel and Resource Management approval. Entire pages may be issued for substantial changes or pages with a marginal line for minor changes. Change notices indicate the calendar year and sequence number (93-1, 93-2, 94-1, etc).

- C. DISTRIBUTION. See page ii (Distribution of Manual) in the front of this manual for distribution information.

- D. RECOMMENDED CHANGES will be submitted through command channels to:

1. Volumes I-IV: ATTN: MMSB

Defense Logistics Agency  
8725 Jonh J. Kingman Rd., STE 2533  
Ft. Belvoir, VA 22060-6221

2. Volume V: ATTN: DLMSO-PM

Defense Logistics Management Standards Office  
Defense Logistics Agency  
8725 John J. Kingman Rd., STE 2533  
Ft. Belvoir, VA 22060-6221

## VOLUME I - INTRODUCTION

### CHAPTER 1 -- DoD PETROLEUM MANAGEMENT POLICY

#### A. PURPOSE

1. Integrated Materiel Management (IMM). This manual implements DoD Directive 4140.25, DoD Bulk Petroleum Management Policy, January 8, 1993; it prescribes policy guidance, supply operating procedures, reporting instructions, and assigns functional responsibilities at the unit and organizational levels for the integrated management of bulk petroleum products and associated bulk storage facilities.

##### 2. Bulk Petroleum IMM Objectives

a. Purchase, store, and distribute bulk petroleum products in an economical and efficient manner.

b. Maintain essential and properly positioned inventories and storage facilities in support of peace-time and wartime requirements.

c. Provide efficient financial management and effective use of resources for the DoD bulk petroleum logistic system; eliminate duplication of effort.

3. Natural Gas and Coal. This manual implements DoD policy guidance and management procedures for central procurement of natural gas, coal, and vehicular alternative fuels.

#### B. APPLICABILITY AND SCOPE. This manual applies to:

1. Office of the Secretary of Defense (OSD), Military Services and Reserve Components, Chairman-Joint Chiefs of Staff (Joint Staff), Unified Commands, and the Defense Agencies (hereafter referred to collectively as "DoD Components"); "Military Services" refers to the Army, Navy, Air Force, and Marine Corps.

2. DoD Components concerned with bulk petroleum logistics planning and support, and offices that design, develop, purchase, operate, modify, test, or evaluate weapon systems or combat-support equipment, including fuel storage facilities and distribution equipment.

#### C. DEPARTMENT OF DEFENSE (DoD) POLICY

1. Goal. DoD bulk petroleum programs shall support the DoD peacetime and wartime missions and permit successful deployment and employment of forces at minimum cost.

2. Fuel Standardization. DoD Components will minimize the number of bulk petroleum products to be stocked and distributed, plan to use fuels readily available worldwide, and minimize the military-unique characteristics of DoD fuels. DoD Components shall plan, program, and budget to design and qualify new systems to use readily available commercial mid-distillate type fuels.

3. Inventory Levels. DoD Components shall minimize inventories consistent with peacetime and contingency needs of U.S. military forces worldwide. Inventories will be categorized as POS and BPWRS.

4. Petroleum Operating Stock (POS). POS may be established and held IAW procedures in volume II, chapter 11 of this manual.

5. Bulk Petroleum War Reserve Stock (BPWRS). BPWRS shall be in addition to peacetime stocks. BPWRS shall be based upon the most demanding requirement for each location. BPWRS consists of stocks to support deployment and combat operations and is sized to meet requirements until fuel can be resupplied from a secure source. Sourcing and BPWRS guidance shall be developed by the

Chairman of the Joint Chiefs of Staff and recommended to the Under Secretary of Defense (Acquisition & Technology) for approval.

#### D. RESPONSIBILITIES

1. The Under Secretary of Defense For Acquisition & Technology (USD(A&T)) shall:

a. Establish policies, grant policy waivers, approve changes in responsibilities for management of bulk petroleum stocks and facilities, and provide procedural guidance to the DoD Components; and ensure their effective implementation.

b. Act as the DoD claimant to the Department of Energy (DoE) for required petroleum products.

c. Review contingency BPWRS levels recommended by the Chairman of the Joint Chiefs of Staff and establish policy guidance.

2. The Deputy Under Secretary of Defense (Logistics) (DUSD(L)) shall serve as the DoD central administrator for energy management and IMM oversight responsibility for fuel products.

3. The Department of Defense Comptroller (DoD(C)) in coordination with USD(A&T) shall establish financial policies and guidance for the management of bulk petroleum products.

4. The Secretaries of the Military Services shall:

a. Provide for the operation of petroleum facilities under their cognizance; control the issue, receipt, and management of stocks at operating locations; plan, program, fund, and perform operation/organizational maintenance of facilities located on their installations (hereafter called bases) in support of their missions (see chapter 8, section L. of this manual); and design, fund, and construct petroleum facilities used solely in support of the Military Services' petroleum management missions.

b. Implement the fuel standardization policies in subsection C.2, above.

c. Assist the Defense Logistics Agency (DLA) in the selection and assignment of priority to military construction (MILCON) projects identified for the DLA MILCON program; and provide base-level technical support for the DLA-funded maintenance, repair, and construction at military base-level petroleum facilities.

d. Manage military-unique or theater-assigned bulk petroleum transportation assets.

e. Compute wartime petroleum demands based upon Unified Commands operations plans, wartime fuel consumption rates, war reserve requirements by location, and establish daily wartime demand profile.

f. Provide data on all BPWRS to DLA and Unified Commanders in accordance with procedures in volume II, chapter 11 of this manual.

g. DoD Components shall make maximum use of commercial and host-nation sources of supply to meet peacetime and wartime requirements.

h. Perform specific responsibilities as stated in paragraphs D.4.i., D.4.j. and D.4.k., below, unless these responsibilities are assigned elsewhere by paragraph D.7.o.

i. The Secretary of the Army shall provide management of overland petroleum support, including inland waterways, to U.S. land-based forces of all the DoD Components. (Note: The Army has transferred the bulk petroleum transportation mission on the main islands of Japan, excluding Okinawa, to DLA.) To ensure wartime support, the Army tactical storage and distribution systems shall supplement existing fixed facilities to include host-nation assets and commercial storage. The Army shall be responsible for inland distribution planning during wartime.

j. The Secretary of the Navy shall provide seaward and over-water bulk petroleum shipments to the high-water mark for U.S. sea and land-based forces of all DoD Components.

k. The Secretary of the Air Force shall provide distribution of bulk petroleum products by air. This method of movement is reserved for situations demanding immediate support at remote locations.

5. The Chairman of the Joint Chiefs of Staff (CJCS) shall:

a. Provide an annual report on host-nation support (HNS) agreements which support fuel requirements, distribution shortfalls, and the state of such negotiations to USD(A&T).

b. Recommend contingency war reserve stock levels to USD(A&T).

c. Prescribe procedures for reporting DoD Component petroleum planning data to alliance or other host nation authorities involved in combined defense planning.

d. Recommend changes to the responsibilities in subsections D.6. and D.7., below, to USD(A&T).

6. The Commander in Chief, U.S. Transportation Command (CINCTRANS) shall plan for and provide air, land, and sea transportation of fuels for the DoD in peace and war. These efforts will supplement and not replace the primary responsibilities assigned to the Military Services and DLA, especially with regard to intra-theater and inland fuel movement and distribution.

7. The Commanders of Unified Commands shall:

a. Plan, manage, and coordinate the receipt, storage, and distribution of petroleum products in theater in coordination with the Director, DLA.

b. Plan to convert from primary to alternate fuels as needed.

c. Coordinate and prioritize DLA MILCON and qualified maintenance and repair projects for petroleum facilities within theater. Further, coordinate DESC tankage leasing plans and related activities.

d. Ensure fuel requirements, operations, and constraints are addressed/published in the fuels annex of operations plans (OPLANS).

e. Negotiate in conjunction with DLA formal HNS and coordinate the development and release of combined and/or alliance petroleum planning data.

f. Release or reallocate BPWRS in an emergency or war.

g. Direct DLA elements within their geographic area to ensure effective operations of storage and distribution facilities following approval from the Director, DLA or CJCS; such approval may be coordinated through the appropriate DER/DEO. This authority is defined as that required to ensure the coordination of: (1) movement and evacuation of personnel, (2) stockage and distribution of petroleum products, and (3) acquisition or construction, maintenance, operation, and disposition of petroleum facilities and associated services.

h. Provide physical security and administrative and logistic support for DLA elements as agreed to by DLA/DESC and the component command under interservice support agreements (ISAs).

i. Exercise administrative direction over DLA elements consistent with that which is exercised over other DoD Components relating to such matters as status of forces and other agreements with host nations, standards of dress and conduct, general theater regulations, and war and emergency plans.

j. Advise the Director, DLA, of any recommended changes to or dissatisfactions with the type, adequacy, and responsiveness of logistic support provided by DLA. Unresolved issues between the Director, DLA and Commanders of Unified Commands will be referred to CJCS for resolution or to DUSD(L) via ADUSD(L) for final determination when a negotiated resolution cannot be achieved.

k. May assume temporary operational control (OPCON) of DLA elements overseas in a major emergency in accordance with coordinated memorandum of understanding. Unified Commanders shall determine when an emergency

necessitates assuming such control and if so, shall promptly notify the CJCS, component operational commanders, and DLA Director of the nature and estimated duration of the control. Note, this paragraph addresses Unified Commands only. (OPCON is defined in Joint Pub 1-02, DoD Dictionary of Military and Associated Terms.)

l. Make maximum use of available stocks in adjacent theaters to support regional contingency requirements.

m. Coordinate the quality surveillance program within the command.

n. Establish subarea petroleum offices (SAPOs) as necessary, at the subunified command level to provide in country or regional staff management functions.

o. Direct tactical movement of fuel by means available to any DoD Component in a theater of operations, as necessitated by circumstances.

8. The Director, Defense Logistics Agency (DLA) shall:

a. Execute the integrated materiel management (IMM) responsibility for bulk petroleum products: procurement, ownership, quality surveillance, accountability, budgeting, and distribution of stocks to the point-of-sale at military bases and Federal facilities worldwide.

(1) Plan, program, budget, and fund facility maintenance and repair, and construction of new permanent storage and associated distribution facilities.

(2) Design and execute maintenance, repair, and construction projects in coordination with the Military Services and Unified Commanders.

(3) Plan, program, budget, and fund for contract storage and associated services in support of the DLA bulk petroleum management mission.

(4) Negotiate and conclude international agreements, in conjunction with the Commander in Chiefs (CINCs), to provide bulk petroleum products, additives, laboratory testing, facilities, pipelines, and related services IAW DoD Directive 5530.3 and DoD 7220.9-M (see reference index).

Responsibilities associated with mutual support agreements (RIK and FEA) are addressed in volume II, chapter 10.

b. Develop contingency support plans in concert with Unified Commanders to acquire the necessary petroleum products, storage, and/or associated services in support of military needs.

c. Provide technical support involving military specifications; coordinate with military technical authorities when operational exigencies require that other-than-specified fuels be used to meet operational requirements.

d. Allocate resources in support of BPWRS requirements, compute POS requirements, and develop an "inventory management plan" that lists approved inventory levels and uncovered requirements by location.

e. Develop the annual quantity of bulk petroleum war reserves requested for funding in any fiscal year.

f. Continuously evaluate the petroleum market and advise the USD(A&T), CJCS, and Military Services of considerations critical to peacetime and wartime operations and planning.

g. Establish and maintain DERs/DEOs or DEOs as necessary.

h. Publish and maintain DoD 4140.25-M IAW administrative guidance in DoD 5025.1-M (see reference index) in coordination with the DoD Components. Unresolved issues will be addressed by DUSD(L)MRM for resolution.

i. Assign DESC as the DLA representative on the MILSPETS Focal Point Committee. Assign Defense Logistics Management Standards Office (DLMSO) as the DoD central representative for coordinating MILSPETS procedural and data element program changes with the Military Services.

E. PROCEDURES. See volumes II and V for petroleum products; volume III for natural gas; and volume IV for coal.

## F. REPORTING REQUIREMENTS

1. NATO reporting requirements are discussed in the North Atlantic Council procedures (AC/12 and AC/112).

2. Data for HNS agreements in paragraph D.5.a., above, are reported under Report Control Symbol (RCS): DD-P&L(A)1726.

3. Data and RCS with concise titles are reported to DLA/DESC by the DERs/DEOs, Military Services and CINC-JPOs as follows:

- a. Bulk Petroleum Products Slate, RCS: DLA(M)1881(DESC).
- b. Bulk Petroleum Terminal Report, RCS: DLA(W)1884(DESC)MIN.
- c. BPWRS for DLA Terminal Storage, RCS: DLA(A)1887(DESC).
- d. Projected Military Purchases, RCS: DLA(AR)1892(DESC).
- e. Tanker Transportation Requirements, RCS: DLA(AR)194(DESC).

## G. ORGANIZATIONS

### 1. Defense Logistics Agency (DLA)

a. Defense Energy Support Center (DESC). DESC is the integrated manager for bulk petroleum products and associated storage facilities and the DoD central procurement agency for natural gas direct supply and coal. See chapter 3 of this volume for Federal Supply Classes assigned to DESC and Defense General Supply Center (DGSC).

b. Defense Contract Management Command (DCMC). DCMC and DCMC International have been delegated PQA responsibility for bulk fuel.

c. Defense Energy Regions (DERs) and Defense Energy Offices (DEOs). See chapter 2 of this volume for area and functional responsibilities.

d. Defense General Supply Center (DGSC) is the DoD central procurement agency for packaged petroleum products which are supplied in containers of 55 U.S. gallons or less (quarts, gallons, and drums).

e. Defense Logistics Management Standards Office (DLMSO). See volume V, chapter 1 for area and functional responsibilities.

2. Joint Petroleum Offices (JPOs). JPOs are established to perform petroleum logistics functions and staff responsibilities. JPOs are as follows:

Command	Mail Address
ACOM	CINACOM/J4 (JPO) U.S. Atlantic Command Norfolk, VA 23511-5100

Message Address  
USCINACOM NORFOLK VA//J4//

Command	Mail Address
CENTCOM	HQ USCENTCOM/CCJ4/7-OP U. S. Central Command 7115 South Boundary Blvd. MacDill AFB, FL 33621-5101

Message Address

USCINCCENT MACDILL AFB                      FL//CCJ4-7-OP//

Command	Mail Address
PACOM	CINCPAC U. S. Pacific Command

Box 64020, ATTN: J422  
Camp H.M. Smith  
Hawaii 96861-4020

Message Address  
USCINCPAC HONOLULU HI//J422//

Command	Mail Address
EUCOM	CINCEUR/ECJ4-LIJ U.S. European Command Unit 30400, Box 1000 APO AE 09128-4209

Message Address  
USCINCEUR VAIHINGEN GE//ECJ4-LIJ//

Command	Mail Address
SOUTHCOM	CINCSO/SCJ4-JPO U. S. Southern Command Unit 1140 APO AA 34003

Message Address  
USCINCSO QUARRY HEIGHTS PM//SCJ4-JPO//

3. Service Control Point (SCP). SCPs established by the Military Services serve as the central management function in coordinating requirements, technical issues, and supply actions with military units and DESC. SCPs are as follows:

- a. Army: U.S. Army Petroleum Center/SATPC-L  
New Cumberland, PA 17070-5008  
Msg. Add: USAPC New Cumberland PA//SATPC-L//
- b. Navy: Navy Petroleum Office/NPO-20  
8725 John J. Kingman Rd., Ste 3719  
Ft. Belvoir, VA 22060-6224  
Msg. Add: NAVPETOFF ALEXANDRIA VA//NPO//
- c. Air Force: HQ San Antonio ALC/SFR  
Resources Management Division  
1014 Billy Mitchell Blvd., Suite 1  
Bldg. 1621  
Kelly AFB, TX 78241-5603  
Msg. Add: HQ San Antonio ALC/SFR SA ALC KELLY AFB TX//SFR//

4. Military Sealift Command (MSC). MSC as the Navy's agent shall provide transportation support to DESC for the movement of bulk petroleum products via ocean tankers/barges. See volume II, chapter 6 of this manual for associated interface procedures.

5. Military Traffic Management Command (MTMC). MTMC shall provide DESC traffic support/ data required to move bulk fuel via land transportation within CONUS which includes water shipments within the Great Lakes, inland waterways, and the inter/intra-coastal waterways. See volume II, chapter 6 of this manual for associated interface procedures.

#### H. DLA/DESC/DERs/DEOs SUPPLY ASSISTANCE

1. DLA manages a Customer Supply Assistant Program (CSAP) worldwide designed to resolve customer problems and improve supply procedures and response to customer fuel requirements for DLA-managed products.

2. DESC may establish Petroleum Management Assistant Teams (PMATs) to visit/assist DERs/DEOs and DFSPs in resolving logistic management problems and improving supply procedures. For military assistance, visits may be requested by the local commander or major command via the SCP. DESC initiated visit will be coordinated with the SCP and the major command of the military base.

3. DERs and base fuel offices at GOGO DFSPs shall assist customers with fuel supply and distribution problems.

4. The Command Control Center (CCC) at the Defense Energy Support Center is the focal point for all problems and emergencies during non-duty hours. The phone numbers are as follows:

- a. COM 703-767-8420
- b. DSN 427-8420
- c. Cellular 703-407-5683

#### I. DESC's ORGANIZATIONAL ELEMENTS

Commander -----	DESC-D
Deputy Commander of Business Support-----	DESC-DS
Executive Officer of Administrative-----	DESC-DE
Support/Public Affairs	
Small Business Office-----	DESC-DU
Internal Review Office-----	DESC-DI
Office of Counsel-----	DESC-G
Directorate of Resources Management-----	DESC-R
Information Systems-----	DESC-S
Deputy Commander of Business Operations-----	DESC-DO
Bulk Fuels Commodity Business Unit-----	DESC-B
Facilities and Distribution Commodity-----	DESC-F
Alternative Fuels Commodity-----	DESC-A
Direct Delivery Fuels Commodity-----	DESC-P
Defense Energy Region - Americas-----	DER-A
Defense Energy Office - Houston-----	DEO-HU
Defense Energy Office - Los Angeles-----	DEO-LA
Defense Energy Office - St. Louis-----	DEO-SL
Defense Energy Office - Fort Dix-----	DEO-FD
Defense Energy Region - Europe-----	DER-E
Defense Energy Office - Mediterranean-----	DEO-MED
Defense Energy Office - Italy-----	DEO-MED-I
Defense Energy Office - Spain-----	DEO-MED-S
Defense Energy Office - Central-----	DEO-CE
Defense Energy Office - NATO-----	DEO-NATO
Defense Energy Office - Turkey-----	DEO-T
Defense Energy Office - United Kingdom-----	DEO-UK
Defense Energy Region - Pacific-----	DER-P
Defense Energy Office - Alaska-----	DEO-A
Defense Energy Office - Mid-Pacific-----	DEO-MP
Defense Energy Office - Korea-----	DEO-K
Defense Energy Office - Japan-----	DEO-J
Defense Energy Region - Middle East-----	DER-ME

CHAPTER 2 -- DESC FIELD REPRESENTATION

A. GENERAL

1. DERs and DEOs provide regional logistic support for DFSPs worldwide.
2. Functional responsibilities may be delegated between DESC and the Services by mutual consent for management efficiency. DERs/DEOs may initiate ISAs with military units in coordination with DESC-R IAW DoD Directive 4000.19 and DoD 4000.19-I (see reference index).
3. DESC is authorized to form a petroleum management assistance team to visit/assist DFSPs in an effort to improve logistic support, resolve supply problems, etc.; such visits to military bases will be coordinated with the base commander, Army/Navy SCP and AF MAJCOM, and DER as appropriate.

B. CONUS DER/DEOs AREAS OF RESPONSIBILITY

DER-A  
Federal Building, Room 1005  
2320 Labranch Street  
Houston TX 77004-1091

All CONUS,  
Central America, South America,  
Carribean, Azores, Iceland,  
and Greenland

Phone: DSN 940-1152/3/4  
COM 713-718-3883/4/5  
FAX COM 713-718-1891

1. DER-HU  
Federal Bldg., Room 1005  
2320 LaBranch Street  
Houston, TX 77004-1091

Arizona, New Mexico, Texas,  
Oklahoma, Arkansas, Louisiana,  
Tennessee, Mississippi, Alabama,  
Georgia, Florida, South Carolina,  
North Carolina, Central America,  
South America, and Carribean

Phone: DSN 940-1152  
COM 713-718-3883/4/5  
FAX COM 713-718-1891

2. DER-FD  
5654 Cambridge Street  
Ft. Dix, NJ 08640-5000

Connecticut, Delaware, District  
of Columbia, Maine, Maryland,  
Massachusetts, New Hampshire,  
New Jersey, New York, Pennsylvania,  
Rhode Island, Vermont, Virginia,  
West Virginia, Azores, Iceland, and  
Greenland

Phone: DSN 944-2074  
COM 609 562-2074  
FAX COM 609-562-6158

3. DER-SL  
66 Sherman Road  
Jefferson Barracks  
St. Louis, MO 63125-4137

Colorado, Illinois, Indiana, Iowa,  
Kansas, Kentucky, Michigan,  
Minnesota, Missouri, Nebraska,  
Ohio, North Dakota, South Dakota,  
Wisconsin, and Wyoming

Phone: DSN 490-86248782  
COM 314-260-8624/8782  
FAX COM 314-260-8797

4. DER-LA  
3171 N. Gaffey Street  
San Pedro, CA 90731-1099

California, Idaho, Nevada, Utah,  
Montana, Oregon, and Washington

Phone: DSN 972-3090  
COM 310-335-3090

C. CONUS DERs/DEOs FUNCTIONS

1. General. The CONUS DERs/DEOs provide petroleum logistics support to intermediate and base-level DFSPs and Federal Agencies. They also coordinate delivery orders with industry, assist DFSPs in resolving operational problems (including assistance with facility support and interface with transportation entities), and ensure DFSPs have a continuous and reliable source of fuel.

2. Ordering Fuel. Distribution Plans (DPs) and associated Distribution Plan Authorizations (DPAs) provide the CONUS DERs/DEOs with the source of supply for DFSPs. The CONUS DERs/DEOs:

a. Prepare and distribute Source Identification and Ordering Authorizations (SIOATHs) based on DP/ DPAs. SIOATHs document and inform base-level DFSPs of their supply sources, such as refineries or intermediate DFSPs.

b. Control and place orders for product delivered by tank truck/car, lake tankers, barges, and pipelines to DFSPs in CONUS.

c. Provide alternate or supplementary sources of supply (for base-level DFSPs) on a temporary basis, as needed; coordinate with the Contracting Officer when contractors fail to perform.

d. Prepare tanker slates in CONUS.

3. Transportation. The CONUS DERs/DEOs, as appropriate, shall:

a. Arrange for transportation support for product delivery to DFSPs by barge, pipeline, rail, and tank truck, to include ordering and scheduling of equipment in coordination with the Military Traffic Management Command (MTMC).

b. Formulate requirements and submit requests for contract barge service to HQ MTMC; control and maximize the efficient use of barges in dedicated contract service.

c. Submit requests for contract barge service to the Military Traffic Management Command Eastern Area (MTMCEA); control and maximize the efficient use of barges in dedicated contract service.

d. Recommend to DESC-F the use of commercial pipeline systems whenever economically feasible and use of Government-operated barges, small tankers or other vessels when they can be efficiently utilized in distribution of DLA-owned fuel.

e. Validate and approve carrier invoices for detention/demurrage claims associated with tank truck/car, barge, and lake tanker shipments. Disputed claims will be forwarded to DESC-B for resolution.

4. DFSP Operation. The CONUS DERs/DEOs shall:

a. Monitor DFSP inventory levels reported in the Inventory Management Plan (IMP); coordinate with DFSP operators in maintaining stock levels; provide receipt/shipment instructions and monitor terminal conditions for quality upkeep, safety practices, etc.

b. Monitor and coordinate receipts and shipments of product at GOCO/COCO DFSPs; perform property administration for the Contracting Officer in protecting Government interest.

c. Review accountable records at contractor-operated facilities for DLA-owned products to determine if losses exceed the prescribed allowances. Contractors at contractor-operated terminals are liable for losses in cases of negligence, bad faith, or willful misconduct, unless otherwise stated in the contract. Such losses will be investigated by the CONUS DERs/DEOs property administrator who advise the Commanding Officer of the circumstances (contractor report, findings and recommendation).

5. Procurement Quality Assurance (PQA), a contract administration function, is performed by Defense Contract Management Districts (DCMD) worldwide. See volume II, chapter 3 of this manual for program guidance and functional responsibilities.

6. Quality Surveillance (QS). The CONUS DERs/DEOs, in coordination with DESC-QB, shall develop regional QS programs designed to maintain proper quality of DLA-owned petroleum products in coordination with DESC-Q. The CONUS DERs/DEOs shall:

a. Perform QS at DESC contracted GOCO and COCO DFSPs.

b. Provide advice and assistance to base-level DFSPs in maintaining proper quality of fuel to ensure it is suitable for use IAW volume II, chapter 7 of this manual. DER/DEO Quality Representative (QR) shall periodically visit individual facilities to assist with quality concerns and to ensure customer satisfaction.

c. Submit annual proposed stock rotation plans and periodic quality data (for dormant stocks at GOCO/COCO DFSPs) to DESC-B. Upon direction of DESC, the CONUS DERs/DEOs shall arrange for shipment of product. Such arrangements will require coordination with terminal operators at GOGO DFSPs.

d. Notify DESC-B immediately of quality problems that may affect supply operations (e.g., direct support tankage off-specification problems with tanker loads).

e. Assess the procedures used to receive and maintain the quality of DLA-owned product stored at military facilities, after prior notification to the military activity.

7. Emergency Support. Commercial fuel stocks, transportation resources, and certain commercial petroleum facilities are subject to control by Federal Emergency Management Agency (FEMA) during a national emergency.

a. The CONUS DERs/DEOs shall develop/coordinate emergency plans with FEMA regional offices to supply fuel during local and national crises.

b. The CONUS DERs/DEOs shall monitor/maintain war reserve stock levels at DFSPs; make arrangements with commercial carriers to provide deliveries in a national crisis as required.

#### D. OVERSEAS DERs/DEOs AREAS OF RESPONSIBILITY

##### 1. DER-E Continental Europe, United

CMR 443  
APO AE 09096

Phone:

DSN 314-438-7710/7711  
COM 49 611-380-7710/7711  
FAX COM 49-611-380-7406

Kingdom, Mediterranean,  
Africa, NATO Headquarters, Syria,  
Israel (excluding countries assigned  
to DER-ME)

a. DEO-CE  
CMR 443  
Finland,  
APO AE 09096

Phone:

DSN 314-438-7710/7711  
COM 49 611-380-7710/7711  
FAX COM 49-611-380-7406

Germany, Belgium, Netherlands,  
Luxembourg, France, Austria,  
  
Croatia, Bosnia-Herzegovina,  
Slovenia, Yugoslavia, Albania,  
Poland, the Czech Republic, Slovak  
Republic, Romania, Bulgaria,  
Estonia, Latvia, Lithuania,  
Belorussia, Ukraine, Moldavia,  
and Hungary

b. DEO-MED

Overall responsibility for Italy

ATTN: DEO-MED, Livorno  
Unit 313301, Box 44  
APO AE 09613

Greece, Spanish and Turkish  
residencies

Phone:

DSN 314-733-7085  
COM 39 50-54-7085-7856  
FAX COM 39-50-54-7406

(1) DEO-MED-Turkish  
Residency  
Unit 9040, Box 44  
APO AE 09822-9040

Turkey

Phone:

DSN 672-2124/2176  
COM90-312-417-2176  
FAX COM 90-312-417-4175

(2) DEO-MED-Spanish Residency  
PSC 10, Box 2000  
APO AE 09421

Spain

Phone:

COM 341-544-5921  
FAX COM 341-549-7040

c. DEO-UK  
PSC 821, Box 122  
APO AE 094221

United Kingdom, Sweden, and Norway

Phone:

DSN 314-235-5449  
COM 44-181-355-5449  
FAX COM 44-355-5478

d. DEO-I  
Unit 31301, Box 44  
APO AE 09613

Italy

Phone:

DSN 314-633-7085  
COM 39-50-54-7085  
FAX DSN 314-633-7406

2. DER-Middle East (DER-ME)  
PSC 451, Box 386  
FPO AE 09834-0386

Egypt, Sudan, Eritrea, Djibouti,  
Ethiopia, Somalia, Kenya, and  
Madagascar

Phone:

DSN 318 439-4650  
COM 011 973-724-650  
FAX COM 011-973-724-670

3. DER-Pacific (DER-P)  
Box 64110

Areas beyond the West Coast of the  
United States to the East Coast of

Camp H. M. Smith, HI  
96861-4020

Africa

Phone:

DSN 315 477-6692  
COM 808 477-6792  
FAX 808 477-5710

- a. DEO-MP  
Box 64410  
Camp H. M. Smith, HI  
96861-4020

Mid-Pacific U.S. Territories,  
Hawaii, and Guam

Phone:

DSN 315 477-6692  
COM 808 477-6792  
FAX 808 477-5710

- b. DEO-A  
6920 12th Street  
Elmendorf AFB, AK 99506-2570

Alaska

Phone:

DSN 317 552-5777  
COM 907 552-3760  
FAX 907 753-0517

- c. DEO-K  
Unit 15015  
APO AP 96218-0171

Korea

Phone:

DSN 315 764-5204/5205  
COM 011 8253-470-5204/5205  
FAX COM 011 8253-470-5152

- d. DEO-J  
Building 714, Room 211/B-18  
Unit 5266  
APO AP 96328-5266

Japan

Phone:

DSN 225-2673/74  
COM 011-81-311-75-5-2673/74  
FAX DSN 225-3598

E. OVERSEAS DERs/DEOs FUNCTIONS

1. General. The overseas DERs and DEOs represent DESC in the Middle East, Far East, Europe, and Pacific. Overseas DERs/DEOs, as appropriate, shall:

a. Act as liaisons for DESC in support of contract administration functions, inventory management, DFAMS, coordinate supply actions with JPOs such as stock rotation plans, and assist in slate preparation in coordination with JPOs.

b. Conduct field surveys for potential suppliers and assist DESC in other contractual matters, as requested.

c. Provide guidance to CINC Component Commands in preparing reports and accountable documents.

d. Serve as the Designated Intermediate Control Point (DICP) for COCO DFSPs (and GOCO/GOGO DFSPs as needed) for reporting supply transactions to DFAMS data bank.

e. Request crime prevention surveys and report incidents of suspected fraud or other criminal activity during shipments of DLA-owned fuel IAW DLAR 5705.1 (see reference index).

f. Monitor and coordinate receipts and shipments of products at DFSPs; perform property administration for the Contracting Officer in protecting Government interest.

g. Review accountable records at contractor operated facilities for DLA-owned products to determine if losses exceed the prescribed allowances. Contractors at contractor-operated terminals are liable for losses in cases of negligence, bad faith, or willful misconduct. Incidents of loss are investigated by the DERs/DEOs (property administrators) who advise the Contracting Officer of the circumstances (contractor report, findings and recommendations).

h. Coordinate DPs with CINC-JPOs and prepare SIOATHs based on DPA data; see volume II, chapter 4 of this manual for program guidance.

i. Manage U.S. interests in overseas pipelines and negotiate with host nations.

j. Review Military Service component war plans.

k. Serve as theater central point of contact for DFAMS.

l. Assist CINC JPOs during maintenance, repair, environmental facilities project aggregation and prioritization phase; validate and inspect projects IAW volume II, chapter 8, paragraph L.11.d. of this manual.

2. Ordering Fuel. DPs and associated DPAs provide DERs/DEOs with the source of supply for DFSPs. DERs/DEOs shall:

a. Prepare and distribute SIOATHS based on DPs/DPAs. Prepare SIOATHS document and inform base-level DFSPs of their supply sources, such as refineries or intermediate DFSPs.

b. Control and place orders for product or delegate ordering authority to user activity. Overseas status of SIOATHs in area.

3. Quality Surveillance (QS) and Property Administration. DERs/DEOs perform QS in support of DLA-owned fuel at DFSPs. QS functions are published in MIL-HDBK-200. DERs/DEOs perform contract administration functions such as property administration. DERs and DEOs provide technical advice and assistance to military bases. Military bases perform QS in support of DLA-owned fuel in their custody on-base. After prior notification to the military activity and the SCP, DESC may assess the procedures used to receive and maintain the quality of DLA-owned product.

4. Defense Energy Offices (DEOs). DEOs are sub-regional offices of overseas DERs/DEOs. They perform transportation and traffic management functions of an overseas SAPO as directed by the CINC such as the overseas product slating report RCS: DLA (M) 1881 (DESC). Their primary function is to act as liaison for the DER/DEO in support of contract administrative functions, inventory management, DFAMS, transportation and traffic management. DEOs also perform quality surveillance in support of DLA-owned fuel received, stored and shipped in their regional area. DEOs are located in Europe and the Pacific.

## CHAPTER 3 -- PETROLEUM PRODUCTS

### A. FEDERAL SUPPLY CLASS (FSC) RESPONSIBILITY

1. FSC 6810, Chemicals. The Defense General Supply Center (DGSC) has management and procurement responsibility for this FSC.

2. FSC 6830, Compressed and Liquefied Gases. DGSC has management and procurement responsibility for this FSC except for natural gas. Natural gas is not under integrated management; however, DESC is the central source procurement agency for this product in DoD (see volume III of this manual on natural gas).

3. FSC 6850, Miscellaneous Chemical Specialties. DGSC has management and procurement responsibility for this FSC except for bulk Fuel System Icing Inhibitors, National Stock Numbers (NSN) 6850-01-057-6427 and 6850-00-082-2522. For these two bulk items DESC has procurement responsibility.

4. FSC 9110, Solid Fuel. DGSC has management and procurement responsibility for this FSC except for coal. Coal is not under integrated management; however, DESC is the central source procurement agency for this product in DoD (see volume IV of this manual on coal).

5. FSC 9130, Petroleum Based Liquid Propellants and Fuels. DESC has management and procurement responsibility for most items in this FSC. DESC does not stock packaged fuels in this FSC, but will procure them for direct delivery to the end user. The Military Services shall fund for the 500 gallon (1900 liter) collapsible fabric drums. The following items are assigned to San Antonio Air Logistics Center by ODUSD(L)MRM for central management and procurement:

a. 9130-00-180-6385. MIL-T-38219 (USAF), Turbine Fuel, Low Volatility, JP-7.

b. 9130-00-551-2264. MIL-T-25524 (USAF), Turbine Fuel, Aviation, Thermally Stable, JPTS, bulk.

c. 9130-00-543-7832. MIL-T-25524 (USAF), Turbine Fuel, Aviation, Thermally Stable, JPTS, 55-gal drum, 16 gage.

d. 9130-00-543-7833. MIL-T-25524 (USAF), Turbine Fuel, Aviation, Thermally Stable, JPTS, 55-gal drum, 18 gage.

e. 9130-00-543-7429. MIL-P-25576, Propellant, Kerosene, bulk.

f. 9130-00-559-2475. MIL-P-25576, Propellant, Kerosene, 55-gal drum.

6. FSC 9140, Fuel Oils. DESC has management and procurement responsibility for items in this FSC. DESC does not stock packaged fuels in this FSC, but will procure them for direct delivery to the end user. The Military Services shall fund for the 500 gallon (1900 liter) collapsible fabric drums.

7. FSC 9150, Cutting, Lubricating, Hydraulic Oils and Greases. DGSC has management and procurement responsibility for items in this FSC except bulk lubricants. DESC has management and procurement responsibility for the following bulk lubricants:

a. 9150-00-181-8232. MIL-L-9000, Lubricating Oil, Engine, Military Symbol 9250.

b. 9150-00-235-9046. MIL-L-17331, Lubricating Oil, Steam Turbine and Gear, Moderate Service, MIL Symbol 2190 Tep.

c. 9150-00-451-6947. A-A-52039, Lubricating Oil, Automotive Engine, API Service SG, Grade 10W-30.

d. 9150-00-753-5059. MIL-L-2851, Lubricating Oil, Aircraft Piston Engine (Ashless Dispersant), Type II, NATO Code 0128.

e. 9150-00-985-7031. MIL-L-6081, Lubricating Oil, Jet/Engine, Grade 1010, NATO Code O-133.

f. 9150-01-359-8567. MIL-L-21260, Lubrication Oil, Internal Combustion Engine, Preservative and Break-In, Grade 15W-40.

B. BULK PETROLEUM PRODUCTS. See volume V, appendix A62 of this manual for a listing of petroleum products arranged by category of product, NSN, nomenclature, NATO code, U/I, and by product codes within each category. The product codes are registered in the DoD Data Element Program consistent with MILSPETS.

## CHAPTER 4 -- FUEL STANDARDIZATION AND CATALOGING

### A. STANDARDIZATION POLICY

1. Conventional turbine-powered aircraft shall be capable of achieving acceptable operational performance using kerosene-type turbine fuels. Aircraft support systems shall be capable of achieving acceptable performance using the same fuels as used by the supported systems.

2. Combat and combat support vehicles and equipment shall be capable of achieving acceptable operational performance using both kerosene-type turbine fuels and diesel fuels.

3. Conventionally powered vessels shall be capable of achieving acceptable performance using marine middle distillates, both military and commercial.

4. Storage and distribution facilities and equipment must be designed and maintained with the capability to safely receive, store, and issue alternate grades of petroleum products when primary grades cannot be obtained in sufficient quantities. NOTE: Existing storage need not be upgraded solely to handle alternate product grades solely to comply with such policy.

### B. RESPONSIBILITIES

1. Product Technology and Standardization Division (DESC-BP) shall:

a. Perform standardization for Federal Supply Classes (FSC) 91GP, 9110, 9130 and 9140 in accordance with DoD 4120.3-M. Perform cataloging functions for FSC 9130 and 9140 in accordance with DoD 4130.2-M.

b. Coordinate product standardization data with DoD Components and the oil industry to provide effective and economic procurement of petroleum products and associated technical manuals and handbooks.

c. Interchange cataloging data with Defense Logistics Services Center (DLSC) IAW DoD 4100.39-M.

d. Initiate cataloging actions IAW DoD 4130.2-M.

e. Serve as the central coordinating position for quality and technical assistance in support of petroleum products supplied by DESC.

f. Represent the Office of the Secretary of Defense in the coordination of (1) international petroleum standardization programs and (2) interchangeability of petroleum products consistent with DoD Directives 2010.6 and DoD Instruction 5000.2 (see reference index).

2. Military Services shall:

a. Develop product specifications consistent with DoD 4120.3-M (see reference index).

b. Determine the technical characteristics of petroleum products required to meet their operational needs.

c. Conduct lab tests in support of standardization efforts.

d. Provide DESC-BP with specifications, standards, and related engineering data in support of procurement actions. Non-Government standards and commercial item descriptions shall be used in preference to Federal and military specifications and standards whenever practicable.

e. Represent their military branch at inter-national standardization working groups consistent with DoD Directives 2010.6 and 5100.27 (see reference index).

### C. ADMINISTRATIVE FUNCTIONS

1. Communication. The Military Services and DESC shall exchange standardization data for FSCs 91GP, 9110, 9130, 9140, and bulk items in FSC 9150. Further, the Military Services and DESC shall exchange cataloging data for FSC 9130, 9140, and bulk items in FSC 9150.

2. Catalog Register. DoD 4100.39-M, volume 13, discusses tables and instructions for registering technical interest at the DLSC.

3. DLSC. DLSC identifies and publishes management data lists for petroleum products.

VOLUME II - PETROLEUM MANAGEMENT

CHAPTER 1 -- REQUIREMENTS FOR PETROLEUM PRODUCTS

A. GENERAL

1. DoD requirements for petroleum products are supplied by DESC through contracts negotiated with oil companies. Local purchase provisions are provided in chapter 2, section B. of this volume.

2. Annual bulk fuel requirements for consumption and inventory fill are computed by the Military Services and Federal Agencies. Requirements are submitted to DESC via DD Form 448, Military Interdepartmental Purchase Request (MIPR); see section F, below.

3. Bulk petroleum and posts, camps, and stations products are funded by DLA/DESC or the Military Services/Federal Agency, as directed by DoD(C). DESC 4220.11/prescribes purchase programs and associated funding responsibility.

1/Requirements Submission Schedule for Fuel and Commercial Services; copies are distributed to SCPs by DESC-OP.

4. Military Service/Federal Agencies funded petroleum requirements are as follows:

a. Products for Military Assistance Program (MAP) and Foreign Military Sales (FMS) requirements.

b. Bunker fuel requirements for propelling ships.

c. Aircraft refueling service contracts at military bases. DESC funds DESC-contracted product.

d. Products local purchased.

e. Purchases of fuel, oil filters, auto services, etc. with SF 149, U.S. Government National Credit Card.

f. Products of limited and unique military application which are excluded from DLA integrated management.

g. Civil Agency requirements for ground fuel products such as motor gasoline, heating oil, and diesel, being bought through Post, Camps & Stations (PC&S) contract bulletins.

B. BUDGET AND PROCUREMENT DATA

1. Budget Data. SCPs shall submit budget requirements for bulk fuel, packaged fuel, into-plane, and PC&S contract bulletin items to DESC- BI for which MIPRs are expected to be initiated; do not include local purchase requirements (see criteria in chapter 2, section B. of this volume). Budget requirements represent consumption of fuel and new base tankage inventory fill; data will be reported by program grade of product, fiscal year and quarter on DD Form 2082, Projected Military Services Purchase from DESC, and DD Form 2082C (Continuation Sheet), RCS: DLA(AR)1892 (DESC). See volume V, appendix A1 of this manual for format. Projected requirements are used in preparing DESC budget estimates and operating budgets. Annual dates and fiscal years (FY) for reporting budget requirements are as follows:

a. June 1.....Current FY update and next 3 FYs (initial).

b. February 1...Current FY update and next FY update (mid).

2. Procurement Data. DESC-BI shall develop procurement data and programs based on peacetime consumption, war reserve program, and new tankage inventory build-up requirements submitted by the Military Services and stock levels at DFSPs. DESC-BI shall consider supply factors such as: (1) total MIPR requirements of all Services, (2) build-up or drawdown of DFSP inventories, (3) projected inventory position at the beginning of the program

delivery period, and (4) DFSP projected storage changes (initial fill, maintenance, etc.) during programmed delivery period.

3. Local Purchase Criteria. See chapter 2, section B. 2. of this volume.

4. Central Purchase Criteria

a. Annual Requirements. SCPs shall submit MIPRs for fuel in support of aircraft, vehicles, ships to DESC as prescribed in DESC 4220.1, based on the following annual requirement criteria:

(1) CONUS/Alaska locations of 10,000 gallons (37,850 liters) or more.

(2) Overseas/Hawaii locations of 20,000 gallons (75,700 liters) or more.

b. Special Exercise Requirements. Include such requirements in the annual MIPR; indicate quantity and date(s) of exercise.

c. Delivery Restrictions. Delivery restrictions (e.g., mode) which critically limit the receiving capability of the location shall be reported in the MIPR; such restrictions may result in contracts being awarded at a higher price. Thus, good judgment must be exercised in reporting such restrictions. However, critical delivery restrictions must be reported to preclude contractor delivery problems, and work stoppages.

#### C. REQUIREMENTS FOR PETROLEUM PRODUCTS

1. General. DESC develops worldwide purchase programs structured to the needs of the Military Services in conjunction with contracting patterns. Purchase programs are designed to consolidate DoD requirements by region to obtain lowest possible unit cost of product. To achieve economic goals, timely submission of requirements is crucial. Requirements at host locations shall include requirements for tenant organizations and expected issues to transient units.

2. DESC 4220.1. Requirements submission schedule for petroleum products are prescribed in DESC 4220.1 1/. Copies are distributed to Service Control Points (SCPs) listed in section G, below. DESC-BI/PE/PL/PH, as appropriate, shall collaborate with the Military Services or Federal Agencies to obtain essential requirements.

1/Requirements Submission Schedule for Fuel and Commercial Services; copies are distributed to SCPs by DESC-OP.

a. Annual consumption requirements by purchase programs.

b. Initial inventory fill for new or converted tankage.

c. Increase of inventories.

3. Ground Fuel Requirements Worksheets.

a. Requirements worksheets are used in support of ground fuel requirements (e.g., motor gasoline, diesel fuel, heating oils) in the PC&S purchase programs.

b. Military Services/Federal Agencies shall update/adjust requirements worksheets data (as needed) and return the worksheets to DESC-PE for final review and procurement action. Worksheets will be returned with MIPRs (see section E., below) for ground fuel requirements. See volume V, appendices All/Alla of this manual for samples of requirements worksheets and instructions for ground fuel.

#### D. REQUIREMENTS FOR COMMERCIAL SERVICES

1. Procurement requirements for commercial services will be submitted to DESC-FP (see DESC 4220.1.). Military Service funded requirements for commercial services shall be submitted to DESC-FP, 210 days prior to the need

date, or no later than 60 days prior to the new funding period for open multiyear contracts. Emergency requirements may be reported as they occur. DESC contracts for the following commercial services:

- a. Storage and handling of Government fuel at commercial terminals/facilities (re: COCO DFSPs).
- b. Government-owned contractor-operated petroleum storage terminals (re: GOCO DFSPs).
- c. Commercial lab testing of Government-owned product.
- d. Alongside aircraft fuel delivery.

#### E. REQUIREMENTS FOR INTO-PLANE CONTRACTS

1. General. Circumstances frequently require refueling military aircraft at commercial airports where military facilities/personnel are not available. To minimize commercial costs and to ensure quality product will be available, an "into-plane" contract may be established at such locations.

a. Criteria. Into-plane refueling contracts will be solicited for DoD, NASA, FAA, or other Federal Agencies when the "annual" requirement for a single grade of product is at least 15,000 gallons (56,800 liters) at a commercial airport. Less than 15,000 gallons (56,800 liters) is uneconomical to establish an into-plane contract. New requirements for less than 15,000 gallons (56,800 liters) shall be submitted for possible consolidation with other users' requirements at the same location.

b. Exercises. Requirements for into-plane refueling contracts at commercial airports in support of planned military exercises will be submitted to SCPs, a minimum of 90 days prior to date of exercise. Requirements should include the data listed in paragraph E.1.c., below. Emergency contracts in support of contingency operations will be handled on a cases-by-case basis.

c. New Contracts. NASA, FAA, and SCPs shown in section G., below, will request DESC to establish new into-plane contracts, as needed, based on the above criteria. Agencies requesting into-plane contracts will maintain records of open market purchases (locations where contracts have not been established) to provide realistic estimates of requirements. Such requests will be forwarded to DESC-PH IAW DESC 4220.1 and will include the following data:

(1) Airport name, address, and flight information publication (FLIP) code where refueling is required.

(2) Time frame (e.g., 24 hours, 0800 to 1800 hours) for refueling services.

(3) Quantity required by grade of fuel and oil (indicate acceptable substitute products) in descending order.

(4) Requirements by month or other increment, if deliveries are expected to be needed on an intermittent basis, specify as necessary.

(5) Number of aircraft required to be serviced daily for special exercises including duration and timeframe.

(6) Unusual delivery condition, i.e., number of aircraft requiring simultaneous refueling, aircraft ground time, etc.

(7) Reason contract at requested location is necessary. Provide a statement that military refueling is not available at or near the location to meet these requirements. If military service is available on or in proximity to the commercial airport, the request will include statements which justify contract coverage. Such statements must report commercial service prices and an adequate estimate of the military cost expected.

d. Contracts. Into-plane contracts are usually awarded for 2 years. Requirements for renewal shall be determined by DESC. DESC will determine contract renewal by ensuring previous sales reported by the contractor exceed

the minimum threshold stated above, and that any mission essential requirements stated by the appropriate SCP can be met. The contractor must supply a commercial ASTM specification product and maintain an adequate inventory to meet normal demands, and service the product into Government aircraft IAW military servicing specifications. The contractor supplies the fuel, lube oil, refueling facilities, and servicing personnel.

2. Authorized Users. Users authorized into-plane services are as follows:

- a. U.S. Government aircraft (military-active/guard/reserves) and other Federal Agencies with proper identaplates.
- b. Aircraft of the Canadian Armed Service.
- c. DoD bailed aircraft, when the bailment agreement specifies that fuel and oil will be Government furnished and prior arrangements have been made with DESC-PH for payment of product to be obtained.
- d. Commercial and civil aircraft under contract or charter to the U.S. Government, providing prior approval is obtained from DESC-PH and such authorization is specifically stated in the contract.
- e. DoD aerospace power and support equipment when the into-plane contractor is authorized to make such deliveries. Fuel for this equipment will be purchased with an identaplate.

3. Product and Servicing Specifications

a. Product. Products supplied under an into-plane contract will meet contractual specifications unless DESC-BQ, in coordination with the Technical Quality Office of the applicable Military Service, grants a waiver or deviation. Such waivers may be needed to supply aviation fuel without the fuel system icing inhibitor. Waiver data is indicated in the Avfuel and Avoil Into-Plane Contract Listing.

b. Servicing. MIL-STD-1548, Into-Plane Delivery of Fuel and Oil at Commercial Airports is incorporated in into-plane contracts. It establishes requirements for quality of the products, technical requirements of equipment, quality assurance, and safety. Copies of MIL-STD 1548 are available from:

DODSSP - Customer Service Standardization Document Order Desk 700 Robbins Avenue, Bldg. 4D Philadelphia, PA 19111-5094

4. Product Availability. Products at into-plane locations:

- a. Aviation Fuel: Commercial Jet A (CONUS), A1 (overseas) and Jet B (Alaska and Canada).
- b. Petroleum Base Jet Oil (MIL-L-6081): Grades 1005 and 1010.
- c. Turbine Oil (MIL-L-7808 and MIL-L-23699): Synthetic base.
- d. Engine Lubricating Oil (MIL-L-22851): Type II, Grade 1100 and Type III, Grade 1065.

5. Invoices/Payments. Contractor invoices for purchases resulting from into-plane contracts will be submitted to DFAS-CO. DESC shall bill purchasers for each issue IAW pricing guidance in chapter 11, subsection C.2. of this volume.

6. Aviation Fuel & Oil Into-Plane Contract Listing. This listing (prepared by DESC) summarizes contract data associated with into-plane locations such as contract number, airport, refueling agent, grade of fuel available, operating hours, waivers to product specifications (if any), operating hours, etc. The listing is intended to assist flight planners; it is NOT intended as a flight document. Copies of the listing are distributed to:

a. Military Services, DCMDs, National Guard Units (located on or in proximity to into-plane locations), Defense Attach, Offices, and Federal Agencies having into-plane requirements.

b. DMAAC publishes "DoD Flight Information Publication (Enroute)," which outlines product award at airport locations.

7. Contractor Performance/Cooperation

a. Into-plane refueling contractors normally provide refueling service 24 hours a day, 7 days a week, unless indicated otherwise in the bulletin (listing). At such locations, advance coordination with the contractor is required to assure refueling coverage after normal duty hours.

b. Aircraft's are normally serviced on a first-come-first-served basis. Note, unusually heavy liftings must be coordinated with the contractor in advance; this will minimize delay and avert delivery problems.

c. Contractors or refueling agents are required to deliver into the aircraft tanks, unless the pilot or authorized representative desires to handle the refueling hose. Refueling will take place at or adjacent the contractor facility.

8. Complaints of Service Performance. Complaints of unsatisfactory service, etc., at into-plane locations should be forwarded to DESC-PH. The report should be as factual as possible and include: dates, times, names, unit numbers, and circumstances.

#### F. MILITARY INTERDEPARTMENTAL PURCHASE REQUEST (MIPR)

##### 1. Purchase Requests

a. DD Form 448, MIPR, will be used to submit product and service requirements to DESC in compliance with DoD FAR Supplement 8.7008 and its subparts. MIPRs will be submitted consistent with guidance in sections A. through E., above.

b. MIPRs will be structured by product and will include: name, address and DoDAAC of the location (base, airport) and the mode of shipment code IAW volume V, appendix C27 of this manual. See volume V, appendix A2 for further instructions and appendix A3 for sample DD Form 448. Plain paper should be used for continuation sheets. Additional data in support of the requirement may be attached to the MIPR (such as letters, specification data).

c. Messages/phone calls may be used to initiate procurement action in support of urgent or emergency requirements. Such requests will include adequate data to initiate procurement. These requests will be confirmed promptly by a MIPR -- with a statement confirming the prior request; such as: This MIPR confirms our prior request submitted to DESC-BI/PE/PL/PH, as appropriate, by phone January 15, 1996, or by message 151600Z JAN 96. Such statements are crucial to preclude duplicate procurement action.

d. Letters or messages may be used to clarify previously submitted MIPRs and to furnish supplementary data. Such documents will reference the previous MIPR and associated purchase program.

e. Issue Priority Designators (IPDs) are assigned to indicate the degree of urgency. IPDs are used in the Uniform Materiel Movement/Issue Priority System (UMMIPS) for Government contracts. UMMIPS is designed to inform the contractor which contract to fill first when the contractor is obligated to fill more than one contract at the same time. However, IPDs are not normally assigned to MIPRs for petroleum products. Bulk fuel has its own unique stock control and distribution system and annual purchase programs. See volume V, appendix A4 of this manual for illustration of UMMIPS.

f. DESC will review MIPRs for complete/accurate data. If additional data is required, it should be furnished in the shortest possible time.

g. MIPR status is furnished to SCPs via the solicitation (IFB or RFQ) and the resultant contract. SCPs are advised of unusual delays in procurement action or non-award.

##### 2. Purchase Requests Amendments

a. DD Form 448 is also used to amend previously submitted MIPRs. Such MIPRs must contain the word "AMENDMENT" in conspicuously large block letters. In the same manner the word "CANCEL" will be used for cancellation of a prior MIPR.

b. Military Services will review MIPRs semi-annually in an effort to confirm the initial requirements. The purpose of this review is to advise DESC of substantive variance in requirements (through amended MIPRs) as a result of program changes.

3. Service Funded MIPRs and Associated Obligation Actions

a. During the purchase process, the availability of funds cited on the MIPR will be reevaluated IAW current market conditions, and excesses reported to the SCP. DESC will not obligate funds in excess of the amount certified in the MIPR except with SCP APPROVED authorization.

b. DESC will not obligate funds for the purpose of establishing contingency cost that may or may not be incurred during the life of a contract. For example, to provide for taxes excluded from the contract price but payable in certain instances, or for price escalation costs usually related to area posted prices or other types of cost indexes. However, SCPs submitting MIPRs will promptly provide funding authority for cost increases arising out of contract allowable increased costs, when and if such increases occur.

G. DoD COMPONENTS AUTHORIZED TO SUBMIT PROCUREMENT REQUESTS TO DESC

1. Requirements for Bulk Fuel, Packaged Fuels/Drumming Services, and Into-Plane Refueling Contracts

a. Army: ATTN: SATPC-L Army Petroleum Center 54 M Avenue, Suite 9 New Cumberland, Pennsylvania 17070-5008

b. Navy: 1/ Navy Petroleum Office/NPO 20 8725 John J. Kingman Rd., STE 3719 Ft. Belvoir, Virginia 22060-6224

c. Air Force: Air Force MAJCOMs 1/Navy and Marine Corps bases in CONUS shall submit requirements directly to DESC-O for contract bulletin products such as motor gas, heating oils.

2. Requirements for Alongside Aircraft Fuel Delivery Services

a. Army (Same as paragraph G.1.a.)

b. Navy (Same as paragraph G.1.b.)

c. Air Force (Same as paragraph G.1.c.)

3. Requirements for Commercial Testing of Government Product

a. Army (Same as paragraph G.1.a.)

b. Navy (Same as paragraph G.1.b.)

c. HQ San Antonio ALC/SFR

Resources Management Division

1014 Billy Mitchell Blvd., Suite 1

Bldg. 1621

Kelly AFB, TX 78241-5603

## CHAPTER 2 -- PROCUREMENT AND CONTRACT ADMINISTRATION

A. GENERAL. This chapter prescribes central procurement practices, "local purchase" provisions, and contract administration procedures (such as property administration) for petroleum products.

1. Types of Contracts. DESC has procurement responsibility for all petroleum contracts. Copies of the annual fiscal year summary of contracting statistics for all products and services procured by DESC are prepared for DUSD(L)MRM.

2. Contract Administration. Pursuant to part 42.203 of DLAR 4105.1 (see reference index), contract administration responsibility for bulk petroleum products may be retained by DESC. DESC Contracting Officers may assign contract administration functions to another DLA activity by designating the activity as the Contract Administrative Office (CAO) on the contract.

3. Contract Administration Coordination. The Contracting Officer is the central coordinator for contract administration matters. Effective administration of Government contracts requires frequent coordination/cooperation between the Contracting Officers and personnel in logistic functions. Inquiries relating to contractual obligations will be forwarded to the Contracting Officer. Contract deviations/associated actions will be coordinated with Contracting Officers for approval.

4. Contracting Officer Representative (COR). CORs represent the Contracting Officer; monitor contractor performance and initiate corrective action as authorized in the letter of appointment. COR responsibilities and limitations are established by the Contracting Officer. Part 90.602 of DLAR 4105.1 (see reference index) provide guidance in delegating COR responsibilities/limits. DESC appointments of personnel assigned to components of Unified Commands will be coordinated/approved by the CINC-JPO. The Contracting Officer shall ensure that personnel have qualifications and experience equivalent to the authority which the COR will exercise.

### B. PROCUREMENT RESPONSIBILITY

1. DLA/DESC shall:

a. Contract for, coordinate, and direct the contracting of bulk petroleum products and associated services in support of DoD requirements (re: DFARS 208.70).

b. Determine which products are suitable for central purchase and which are suitable for local purchase.

2. DoD Components/Federal Agencies are authorized to "local purchase" petroleum products under certain conditions as indicated in subsection B.3., below. NOTE: Locations which meet "local purchase" criteria, but do not have "local purchase" capability (purchase orders, etc.) shall notify their SCs who will coordinate the best course of action with DESC-B, F, or P, as appropriate. MIPRs submitted to DESC-B, F, or P, as appropriate will indicate why "local purchase" capability is not available and that DESC assistance is requested.

3. Local Purchase Criteria. Local purchase of petroleum products is authorized under the following conditions:

a. Annual Requirements. Burner (heating) oils, diesel fuel, gasolines, gasohols, marine gas oils, and kerosene will be local purchased based on the following annual requirement criteria:

(1) CONUS/Alaska locations of less than 10,000 gallons (37,850 liters).

(2) Overseas/Hawaii locations with: (a) annual requirements less than 20,000 gallons (75,700 liters).

b. Contract Bulletins. PC&S contract bulletins supply bulk fuel such as motor gasoline, diesel, and heating oil directly to military bases from the local commercial supplier, as ordered by the base ordering officer. Petroleum products designated PENDING in contract bulletins may be locally purchased as authorized by DESC-P or as indicated in the bulletin clause. Local purchase authority terminates when the "pending" designation is removed by contract bulletin amendments or DESC-P notifies the user that contract fuel is available. Urgent/immediate requirements for products designated as "pending" will be supported as follows:

(1) Army and Air Force units will promptly notify their SCPs of the product, quantity, and date required; SCPs will promptly notify DESC-P by submission of a completed Emergency Fuel Buy (EFB) of their requirements. DESC will obtain a contract source to supply the product or authorize local purchase.

(2) Navy and Marine units and DoD Agencies will directly notify DESC-P (see phone numbers on page 1 of the contract bulletin) of the product, quantity, and date required. DESC will obtain a contract source to supply the product or authorize local purchase.

(3) Other Federal Agencies will local purchase imminent requirements; such agencies are hereby authorized local purchase.

c. Emergency Requirements. When the requirement prohibits obtaining a DLA contract through normal procurement channels, the determination of the need for emergency procurement is made by the user. Emergency procurement should cover only the amount calculated to sustain immediate operational needs and until normal contracting channels are secured. For work stoppages, local purchase is limited to immediate use quantity. Note, a copy of the procurement document will be mailed to DESC-O annotated "local purchase of a DLA-integrated managed item."

d. Ship Bunkers

(1) Purchases of one-time delivery, irrespective of quantity, for bunkering ships in ports where DESC has no contract.

(2) Requirements submitted to DESC but no bunker contract is available or item is listed as "pending" in the contract bulletin.

(3) Where DESC contracts are available but delivery order is less than the contract minimum quantity OR regardless of ordering quantity when advance notice of delivery would be less than 24 hours.

(4) Purchases involving more than one delivery when the annual or interim requirement for a single product does not exceed 84,000 gallons (2,000 barrels/318 cubic meters).

(5) For purchases made under subparagraphs (2) and (3), above, a copy of the procurement document will be mailed to DESC-P and annotated "local purchase of a DLA-integrated management item."

e. SF 149. Purchases of petroleum products using SF 149. (See volume II, chapter 15 of this manual.)

f. Aviation Fuel. Purchases of aviation fuel at commercial airports for military aircraft when mission necessitates refueling at such locations and into-plane contracts are not available.

g. Military Convoys. Gasoline and diesel fuel required for servicing military convoys en route to and from training sites. Local purchase is limited to 10,000 gallons (37,850 liters) of each grade per refueling site.

4. Local Purchase Request. The Commander, DESC, may authorize local purchase in support of unique requirements or circumstances when requested by DoD Components or other Federal Agencies. Obligation authority associated with local purchase action does not preempt the local contracting officer from local contracting warrant limitations. Local purchase may also be authorized for products in Spain (coupon sales), Ecuador, Brazil, Canary Islands, Chile, etc., where prices are fixed or controlled by government or

local officials. Local purchase requests will be submitted to DESC-P with the following data:

- (1) National Stock Number (NSN).
- (2) Product code and technical specification number.
- (3) Quantity required and type of delivery.
- (4) Estimated unit price.
- (5) Using location.
- (6) Title of purchasing office.
- (7) Name of prospective suppliers.
- (8) Duration of local purchase action.
- (9) Reason local purchase action is required.

#### 5. Service Contracts

a. Alongside Aircraft Fueling. Military Services may contract for alongside aircraft fueling service at air stations or bases where the fuel is Government-furnished.

b. Commercial Storage Contracts. In overseas areas, delegation of contracting authority to obtain commercial storage facilities may be granted by DESC based upon requests submitted through appropriate channels by overseas Commanders.

### C. CONTRACT ADMINISTRATION

#### 1. Responsibilities

a. Defense Energy Support Center (DESC). DESC is responsible for administration of DESC contracts and associated contractor-Government relationships. CAOs for DESC contracts are indicated in the contract/contract bulletins. Contracting Officers may delegate contract administration functions to DERs/DEOs; see volume II, chapter 3 of this manual for procurement quality assurance responsibility. Responsibilities reserved exclusively to DESC Contracting Officers are as follows:

- (1) Contract amendments or change orders which affect: contract delivery schedules, specifications, quantities (increase or decrease), prices, or changes in extent or nature of services.
- (2) Resolve issues and problems of contractor performance.
- (3) Matters requiring formal recognition by contract, contract change, or findings and determinations.
- (4) Disputes between contractors and the U.S. Government.
- (5) Complaints by contractors or Military Services.
- (6) Claims.

b. Requiring Military Service. DESC contracts may provide that designated elements of the requiring Military Service will be responsible for placing orders (except for firm quantity contracts with firm schedules); placing requests and orders for services; performing quality surveillance at terminals; and other operational functions required in the performance of the contract. Commitments to contractors to effect technical or operational changes involving authorization to perform work, incur additional expense, deviate from specifications, or deviate from any provision of the contract must be made by the contracting officer. The term "contracting officer", as used herein, pertains to the DESC assigned individual who executes contractual documents on behalf of the U.S. Government.

2. Contract Assignments. The CAO assigned to provide contract administration services within designated geographic areas are listed in DLAH 4105.4 (see reference index). FAR subparts 42.202 and 42.203 and the associated DFARS part 242 governs the assignment/retention of contract administration responsibility; subpart 42.302 discusses contract administration functions associated with petroleum products. These functions

may be delegated by the contracting agency. Functions delegated by DESC require approval of the Commander, DESC.

3. Distribution of Contracts and Contract Bulletins

a. Contracts and contract changes are distributed by DESC-B/F/P, as appropriate. Copies of contracts are distributed to contractors, DERs/DEOs, SCPs, and Quality Assurance Residencies.

b. Contract Bulletins. DESC distributes contract bulletins, and supplements thereto, to QARs, DERs/ DEOs, Federal Agencies, and military bases IAW with lists furnished by the SCPs or developed by DESC. The lists will be reviewed annually by SCPs/DESC for accuracy.

c. Invitations for Bid (IFB)/Requests for Proposal (RFP). In CONUS, IFBs/RFPs will be distributed to Army/Navy SCPs, AF MAJCOMs, DER- A/DEOs, and QARs. Army/Navy SCPs and AF MAJCOMs may request additional distribution as needed. Overseas distribution will be made to QARs, JPOs, DERs and/or DEOs, as appropriate.

4. Waivers or Modifications to DESC Contracts. Only the DESC Contracting Officer is authorized to modify terms or conditions of DESC contracts. The Contracting Officer, through DESC-BQ, shall obtain approval of the requiring Military Service before modifying contracts to provide for waivers to products or services. The requiring Military Service shall not accept waivers to products or services under DESC contracts without obtaining prior approval of the DESC contracting officer.

5. Auditing and Cost Analyses Contracts. The Contracting Officer is responsible for establishing the requirements for the evaluation of financial audit or cost analysis of a contractor's records IAW applicable DFARS provisions.

6. Contractor Non-Performance. All appropriate means should be exhausted to keep the supply of fuel to military bases from being interrupted; see chapter 4, subsection F.9. of this volume for special ordering instructions during delivery delays. The CAO listed in the contract or contract bulletin shall provide DFSPs with instructions to resolve supply problem such as corrective action at the contract source, obtaining an alternate supply source, advising the DFSP to initiate default action, etc. Imminent contractor delays in delivery shall be reported by DFSPs using the message format in volume V, appendix A5 of this manual - Notice of Expectant Contractor Delivery Delay, as follows:

a. Bulk Fuel Contracts: Copies forwarded to the area QAR, DER/DEO, and JPO (for overseas contracts) with information copy to the associated SCP.

b. Contract Bulletins and Into-Plane Contracts

(1) Army: to U.S. Army Petroleum Center/SATPC-L, New Cumberland PA, with information copy to DESC-P and the CAO indicated in the contract and contract bulletins.

(2) Others: to DESC-OI and the CAO listed in the contract with information copy to the associated SCP listed in volume 1, chapter 1, subsection G.3. of this manual.

7. Defaults (Bulk Indefinite Quantity Contracts)

a. The right granted the Government under the Default Clause of the contract to terminate orders and subsequently the contract, may only be exercised by DESC Contracting Officers. Direct contact between DESC, the QAR and the ordering officer is authorized in connection with possible default actions against contractors.

b. When a contractor fails to perform on an order delivery, no purchase may be made from another supplier without approval of the Contracting Officer who may initiate formal default action. When a contractor fails to make timely delivery against any properly executed delivery order, the ordering officer will send a message to DESC-B reporting the information shown in appendix A6, Notice of Contractor Failure to Deliver Message Format.

(1) An information copy of the message will be addressed to the CONUS area QAR, DER/DEO, Army/Navy SCP or AF MAJCOM, as applicable, and and CINC-JPO/DEOs overseas.

(2) Upon dispatch of the message of delinquency to the Contracting Officer at DESC, the ordering activity must refuse further deliveries of the delinquent order unless otherwise instructed by the Contracting Officer.

(3) Upon receipt of a message report as described above, Contracting Officer shall determine the advisability of formally defaulting the contractor on the order involved. When the DESC Contracting Officer determines that a contractor has not responded to properly placed orders. The Contracting Officer shall, if advantageous to the U.S. Government, inform the contractor in writing that the right to deliver the quantity on which the contractor defaulted has been forfeited; this volume will be terminated for default and the contract will be reduced by this quantity. Upon receipt of the incoming communication, DESC Contracting Officers shall inform the ordering officer, within 3 working days, through normal supply channels, which of the following sources is to be used for support: (a) other orders against the same contract, (b) an alternate source provided by DESC, (c) a new source negotiated by DESC, or (d) local purchase action.

(4) In the event base stocks deteriorate to where the base cannot wait 3 days for instructions on obtaining alternate support, per the above procedure, the message prescribed by subsection C.6., above, will include a short explanation of the urgency under "Item MIKE," so priority action can be given to arranging alternate support.

(5) DESC Contracting Officers will furnish status information to the ordering officer and other addressees on the incoming communication every 20 days thereafter until final resolution of the matter. DESC Contracting Officers will inform all organizations, in writing, within 3 working days after final disposition of the case is made.

c. A firm basis for assessment of excess costs against defaulting contractors shall be established. The following, therefore, shall be strictly adhered to:

(1) Each new requirement for product or service during the ordering period must first be ordered from the defaulting contractor, if the contract has not been terminated for default in its entirety. As additional requirements occur, ordering officers will continue to place subsequent orders upon the original contractor. If delivery is not made IAW the provisions of subsequent order, DESC will be advised, using the message formats previously described.

(2) DESC Contracting Officers shall formally terminate orders found to be in default if in the Government's interest; Contracting Officers shall then authorize the ordering officer to cancel such orders. The cancellation should note that the action is a result of a termination for default.

(3) Replacement orders for not more than the originally ordered quantity of the same product under the defaulted order must then be placed with an alternate source. To substantiate the excess costs to be assessed against the defaulting contractor, it is essential that the ordering officer provide the CAO (listed in the contract) with: (a) copies of delivery orders placed with both the defaulting contractor and the alternate source and (b) data as to the quantities that were received against each order. Copies of such orders/data will also be provided to the area DER/DEO.

d. If there is evidence that the product furnished does not conform to contract specifications, promptly notify the area QAR where the supplies are to be accepted. The ordering officer or QAR will not accept off-specification products without Contracting Officer approval. Contracting Officers should be notified, preferably by phone, for disposition instructions. In cases where the contractor does not agree to corrective or replacement action within the

required delivery schedule, the Contracting Officer with approval of the Military Service involved may approve delivery of the product. The Contracting Officer will seek an equitable adjustment in price, as appropriate. Failure to agree on a reduction in price will be considered a dispute under the disputes clause of the contract.

8. Defaults (Firm Quantity Contracts). The procedures indicated in subsection C.6., above, will govern except:

a. QARs at contractor plants rather than the ordering officer shall submit the message report.

b. Items CHARLIE, DELTA, ECHO, FOXTROT, AND JULIET will be omitted.

c. An additional item titled "Item MIKE," will provide the following data: "The Government has or has not met its obligations pursuant to the contract such as containers, transportation equipment, bills of lading, shipping instructions, inspection, etc."

9. Ordering/Reporting Actions for Contractor Non-Performance.

Ordering/reporting units shall ensure the following actions are taken:

a. When a "Notification of Contractor Failure to Deliver Against Delivery Order" message is sent to DESC-P and default action is imminent, a P10 Delivery Order/Amendment transaction with Action "C" (correction) and Management Indicator "D" (default) will promptly be processed as prescribed in volume V, appendix B1 of this manual; such coding will identify the recorded order in DFAMS as undergoing default action and prevent routine cancellation. When advised by the Contracting Officer that default action is not appropriate, a P10 Delivery Order/Amendment transaction with Action "C" (correction) and an "E" in the management indicator field can be processed to delete the Management Indicator "D" in DFAMS to permit supply transactions.

b. DD Form 1155 (delivery order) and DFAMS P10 delivery order transaction coded as undergoing default action will not be canceled until authorized by the Contracting Officer. If shipments are accepted under an order prior to defaulting, a P10 Delivery Order/Amendment code with Action blank (add) and Management Indicator "D" will be processed to reduce the quantity ordered to the quantity shipped (origin acceptance) or received (destination acceptance). If no shipments or receipts have been recorded, report a P10 transaction with zero quantity.

10. Disputes and Claims

a. Disputes between the Government and a contractor will be processed by DESC IAW contract provisions, DLAR 4105.1 (see reference index) and DFARS part 233 and FAR part 33.2. Copies are available from DLA, DASC-WD, Suite 0122, Ft. Belvoir, VA 22060-6220.

b. Claims shall be processed by DESC such as those pertinent to clauses of a contract. Contracting Officers may request additional data upon which to base a determination from the DFSP involved.

11. Contract Performance Reports. Only reports specified in contracts will be required of the contractor. Requests for contractors to provide additional data shall be provided to DESC-P for action.

12. Payments. Payments will be made as indicated in the contract.

13. Contractor-Furnished Drums

a. Government Property. Local commanders shall ensure that empty contractor-furnished drums are disposed of in whatever manner is advantageous to the Government. Drums may be returned to contractors for a refund if contracts provide for such a refund and providing the government transportation costs does not equal or exceed the refund. Responsible officers/ property administrators will maintain records of drums received, returned for credit and credit received, and disposed. Records of returns and copies of contractor documentation of drums returned for credit will be mailed monthly to the central control unit designated by the Military

Services, to ensure that correct credit is granted by contractors. Copies of the monthly drum activity report will be mailed to SCPs upon request.

b. Returnable Drums (Contractor-Owned). Some contract bulletins provide for delivery of products to be consumed at first destination in contractor-owned returnable drums. Such contracts provide: (1) free time for use of the drums, (2) a deposit charge for drums not returned within allowable free time (usually an additional period during which deposits will be refunded when drums are returned) and, (3) set time after which deposits will be forfeited. Receiving units are responsible for returning drums to contractors within the free time allowed by the contract. Drums will be returned on a collect commercial bill of lading.

c. Terminal Transportation Officer. When drummed or packaged petroleum fuels are consigned to a port of embarkation for export, certificates to establish proof of export will be furnished directly to the contractor by the terminal transportation officer. Ordering officers will include the following statement in the DD Form 1155, Order for Supplies or Services, or official release order: "Transportation Officer at loading terminal is requested to furnish 'Proof of Export' to contractor for purpose of establishing exemption from Federal Manufacturer's Tax."

#### D. CONTRACT PROPERTY ADMINISTRATION

##### 1. DoD Policy

a. Overview. Contract property administration is designed to: (1) meet management data requirements of the Government, (2) ensure property management in the Department of Defense is performed through a uniform contract property administration program, and (3) protect the interests of the Government at minimum cost. Policy guidance and management instructions in this section are consistent with FAR 45.5 (Management of Government Property in the Possession of Contractors) and DoD 4161.2-M (see reference index). DoD 4161.2-M prescribes procedures and techniques for Property Administrators and all DoD personnel responsible for property management. The term property in this section includes inventories of petroleum products.

b. Role of Property Administrator. The primary responsibility of the Property Administrator is to administer the provisions of government contracts that deal with government property. The Property Administrator is not expected to be the expert in all contract related functional areas; thus, assistance may be requested of other personnel such as supply and facility managers, quality representatives, etc., as needed. The Property Administrator function is mainly to administer the contract terms which obligate contractors to acquire, control, use, care for, report, and dispose of government property; and to advise the CAO/DERs of the level of the contractor's management efficiency in handling Government property.

c. Scope. The scope of the contract property administration program shall be determined by the complexity of the contractor's property control system, the amount of Government property, and other conditions revealed by review of the contracts and correlation of their provisions with the property control system.

d. Contractor's Responsibility. The contractor is directly responsible and accountable for all government property in accordance with the contract requirements (re: FAR 45.502). The contractor shall establish and maintain a property control system to control, protect, preserve, and maintain Government property. Such a system shall be in writing unless the Property Administrator determines that maintaining a written system is unnecessary; in any case, contract terms shall govern. The CAO shall be consulted for advice or direction on problems associated with contractor responsibilities.

e. Contractor's Liability. Subject to the terms of the contract and surrounding circumstances, the contractor may be liable for shortages, loss, damage, or destruction of government property. The CAO shall determine the contractor's liability for property that is lost, damaged, or destroyed pursuant to the terms of the contract.

f. Property Records. Contractors are accountable for maintaining official records of government property. Contractor records are essential for property management. Maintaining duplicate records by the Government is discouraged as it is costly and creates significant administrative burden for both the Government and contractor to reconcile records. The efficacy of contractor records and other aspects of contractor property control systems will be reviewed through Government conducted property system analyses with augmentation by contractor audit personnel when determined appropriate by the Government. Property Administrators are responsible for the adequacy of government reviews.

g. Documentation. The extent of documentation needed shall be determined by the Property Administrator as long as it can be demonstrated that evaluation methods are effective in identifying and resolving significant problems. Systems documentation is secondary in importance to the quality or technical aspects of the reviews. Property Administrators are cautioned to avoid compromise of other responsibilities for the sake of cosmetic improvements in systems analyses documentation.

h. Economics. In protecting Government interest at minimum cost and to avoid duplicate effort: (1) Quality Representatives shall perform property administration functions in conjunction with quality surveillance functions unless it can be demonstrated economically disadvantageous or administratively impractical and (2) interservice support agreements (ISAs) shall be negotiated between Military Service and DER/DEO officials to perform property administration functions. Nevertheless, contract property administration shall be assigned between "agencies" through mutual agreement.

2. Appointment/Assignment of Property Administrators. Each DoD storage/service-type contract under which government property is in the custody of a contractor such as GOCO/COCO DFSPs shall be assigned to a single Property Administrator. The appointment/assignment of Property Administrator shall be in writing pursuant to direction provided in DFARS 245.7001. In selecting qualified individuals, the selecting/appointing authority shall consider education, experience, training, judgment, character, and ethics. Property Administrators shall be appointed and assigned as follows:

a. DESC Contracts. The Commander of DESC or designee shall appoint Property Administrators at DERs/DEOs as required. The selection/appointment will be based on recommendations by the DER/DEO commander. DERs/DEOs may nominate more than one Property Administrator but only one per contract. DESC-F shall prepare the Certificate of Appointment, DESC Form 16.26, signed by the Commander, DESC or designee. CAOs shall assign contracts to a specific Property Administrator in coordination with DERs/DEOs and inform the contracting officer and contractor with a copy of the letter of assignment. Appointing personnel of Military Service organizations shall be done by mutual agreement. CAOs shall maintain a contract assignment control register as indicated in DoD 4161.2-M (see reference index).

b. Military Service Contracts. The head of CAOs or designee shall appoint a property administrator. The CAO will assign each contract to a specific property administrator and inform the contracting officer and contractor with a copy of the letter of assignment.

3. Property Administrator Responsibilities. As the authorized representative of the Contracting Officer, the Property Administrator shall:

a. Administer contract provisions, requirements, and obligations relating to Government property in the custody of contractors.

b. Review contracts providing for government property to estimate the property administration effort that must be applied. The analysis shall be sufficient to determine the type and amount of Government property to be provided, the administrative effort required, and the management controls needed to ensure the contractor complies with the contract requirements and to develop an appropriate property management plan.

c. Review the contractor's property control system (see paragraph D.1.d., above) to ensure it fulfills the terms of the contract. The system shall be approved in writing when such is determined adequate. The contractor shall be advised to fix any portion of the property control system found to be inadequate, before the system is approved. If the contractor and Property Administrator cannot agree as to the adequacy of control and corrective action, the matter shall be referred to the CAO.

d. Survey the contractor's property control system annually each fiscal year. The initial survey for new assignments shall be performed as soon as possible but NLT 6 months following assignment of the contract for property administration. See DLAM 8135.1 (see reference index) for further detailed instructions and preparation of the Government Property Control System Survey Summary.

e. Ensure U.S. Government officials verify the contractor's inventory reporting system (physical method and associated paperwork) of Government-owned product. Officials will verify the accuracy of inventory data and agree or disagree in writing with the contractor's stated cause of losses/gains. Results of the inventory verification shall be documented IAW instructions in Clause I119.06 of the contract and filed with the individual transaction document; such documents will be kept at the DFSP with a copy mailed to the property administrator for retention. Latitude is hereby provided for officials to schedule the witnessing inventory process within the timeframes quoted in (1) through (4) below. Witnessing the contractor "end-of-the-month" inventory process is not mandatory; but, consecutive end-of-the-month inventories should be witnessed for corrective action whenever the adequacy or accuracy of the contractor inventory reporting system is questionable and until the system is acceptable. If end-of-the-month corrective action is not required, the witnessing process shall be scheduled at different intervals each time with the contractor's coordination. The following criteria will be used, as a minimum, in determining the frequency of verifying the contractor's inventory system:

(1) Active DFSP (three or more issues or receipts in 6 months): witness inventory during the month or at the end of the month and verify against receipts/issues monthly.

(2) Semiactive DFSPs (less than three issues/receipts in six months): witness inventory and verify against issues/receipts once each calendar quarter.

(3) For commingled storage (DLA stock with contractor stock): verify that sufficient inventory is onhand each calendar quarter; visits, if required, shall be unscheduled within the quarter.

(4) For foreign government and NATO held storage under MOUs or country-to-country agreements: inventory will be witnessed and verified by a U.S. Government official according to the terms of the MOU or agreement.

f. Obtain the names and handwritten signatures of the contractor's personnel who are authorized to receive and accept Government property and sign associated documents/reports. Ensure that such documents and reports provided by the contractor contain proper signatures and are submitted on time, as required by the contract.

g. Provide instructions, as needed, to assist the contractor in documenting and reporting accurate inventory data for Government property in

the contractor's possession, as prescribed in the contract. Maintain a record of results of contractor inventory and mail a copy to the CAO.

h. Establish a Contract Property Control Data File wherein the following items will be included:

(1) Property Summary Data Record: contractor name, address, and contract number; type of contract, modifications, and property clauses; date of final review and date of execution and transmittal of the DD Form 1593, Contract Administration Completion Record; supporting property administration assignments; name of the property administrator(s) and date(s) of tenure.

(2) Copy of the contract or extracts of provisions pertaining to property administration functions and any changes thereof.

(3) Record of analyses, deficiencies, corrective actions, and approval of the contractor's property control system.

(4) Reports relating to Government property prepared by the contractor.

(5) Record of visits, inspections, audits, and associated observation/findings papers.

(6) Shipping documents and receipts for Government property.

(7) Record of final review and Property Administrator statement of closure of the contract property account.

(8) Other data and documents such as inventory adjustments, investigations, recommendations, liability determinations, and copies of requests for assistance of other Government personnel.

i. Ensure the Weekly Bulk Petroleum Terminal Message Report and other reporting requirements of DFAMS are accurate, complete, and reported on time; and ensure that Government property received and issued by the contractor is reconciled by contractor records.

j. Review Government-furnished material for receipt and reconciliation with reports provided by DESC-FG.

k. Support and assist contractor management organizations, program managers, CAOs and other functions in resolution of property administration matters.

l. Ensure that loss, damage, or destruction of government property is investigated and reported by the contractor in writing as soon as the facts are known or when requested by the DER/DEO or DESC-O.

m. Investigate any report of loss, damage, or destruction of Government property which the contractor is unable to account for and make an initial assessment of the contractor's liability in writing. Provide data to the CAO with recommendations on the basis of contract terms and conditions for final determination of contractor liability. Obtain contractor statements of condition and apparent causes for shipment discrepancies which violate the terms of the contract.

n. Advise the CAO and DERs/DEOs regarding contractor noncompliance with approved procedures, contractual requirements, and other significant problem areas.

o. Recognize the functions of other government personnel such as contract administration, quality surveillance, facilities management, transportation, contract audit, etc., and obtain their assistance when required. Assistance and advice on matters involving analyses of the contractor's accounting records, financial aspects of contractor property reports, and on any other appropriate financial audit matters shall be obtained from the Defense Contract Audit Agency, through the CAO indicated in the contract.

p. Ensure that all Government property is accounted for prior to the contractor being relieved of accountability.

4. Termination of Appointment/Assignment of Property Administrators. The termination of appointment of Property Administrators for DESC contracts will

be prepared by DESC-P, based on written advice from the DER/DEO Commander, and signed by the DESC Commander. Termination of Property Administrator appointments for Service contracts shall be made by CAOs indicated in the contract or designee. Appointments shall be terminated when:

a. It has been determined that no Government property has been or will be furnished or acquired, or

b. The contract is reassigned to another CAO or to another property administrator.

## CHAPTER 3 -- PROCUREMENT QUALITY ASSURANCE (PQA)

A. GENERAL. This chapter provides general guidance and references used in support of PQA (a contract administration function).

1. Purpose. PQA is designed to assure contractors fulfill their contract obligations in respect to product quality (specifications), quantity, and related services. Objective is to make sure the Government gets what it contracted for.

2. DoD Directory of Contract Administration Offices (CAO). DLAH 4105.4 (see reference index) indicates the CAO which provides PQA by location, address, etc. The handbook is administered by DLA-AQC. Deviations from PQA assignments in this handbook will be coordinated with all DoD Components involved.

### B. QUALITY RESPONSIBILITY

1. Contractor. It is the contractors responsibility to control the quality of fuel and to provide product and services which conform to contract requirements.

2. Contracting Agency. The contracting agency ensures PQA is performed and arranges for acceptance of product and services.

3. Defense Contract Management District (DCMD). PQA responsibility is assigned to Quality Assurance Representatives (QAR) at DCMDs. QARs perform PQA IAW DLAMs 8200.2 and 8200.5 (see reference index); DASC-WP, Cameron Station, Alexandria, VA 22304 distributes copies.

4. Quality Assurance Representative (QAR). QARs oversee the contractor quality control operations and assure product meets contract quality specifications. PQA functional responsibility is fulfilled when product is accepted/ownership transfers to the Government; then quality surveillance begins.

5. Military and DESC Fuel Laboratories. The Services and DESC shall maintain fuel labs to test samples of petroleum products submitted by QARs. When fee for service becomes effective, DESC will reimburse the Military Services for providing testing services of DLA-owned products (supplied by QARs) at service fuel laboratories. NOTE: Laboratory services provided by the Military Services on samples submitted by QARs for testing, as required by the Military Services in DLAM 4155.1, section 7., will not be reimbursed by DESC.

6. DERs/DEOs. DERs/DEOs shall coordinate product shipping schedules with QARs to facilitate quality assurance efforts.

7. Fuel Quality Limits. Product failing contractual quality requirements will not be shipped directly to a military facility unless approved by the technical office in section F., below. See section E. below for contract waivers. For end user policy, see chapter 7, section J. of this volume.

### C. GOVERNMENT PQA AND ACCEPTANCE

1. FOB Origin Contracts. PQA is performed at origin when the contract so indicates. Acceptance shall be conclusive, except for latent defects, fraud, gross mistakes amounting to fraud or a otherwise provided in the contract. Receiving locations may perform further tests when the quality of the product appears to be questionable.

2. FOB Destination Contracts. Title passes to the Government at the receiving location when the product is accepted, or at such other point stated in the contract. Quality inspection is performed at origin, or at a mutually agreed intermediate location, by the contractor. To assure product

has remained on-specification during transit, check tests are performed at destination as required by the contract.

3. Contract Bulletins. Product such as motor gasoline, diesel, burner oils, etc., purchased under contract bulletins are usually shipped FOB destination with inspection and acceptance at destination. Contract bulletins which supply aviation fuel, ship bunker fuel, and lubricants are assigned PQA at product source.

a. Unless otherwise specified in the contract, inspection may be limited to determining that product received conforms to contract terms such as type, and is not contaminated, and quantity is correct; product may be accepted on this basis. However, further inspection may be required prior to acceptance if product appears to be other than ordered, or samples from past deliveries have not met specifications, or fuel in the past caused engines to operate unsatisfactorily.

b. Receiving locations should report delivery and quality problems to the Contracting Officer and inform the SCP. SCPs may conduct their own investigation or request the assistance of the Contracting Officer. The regional DER/DEO or DCMD will assist the Contracting Officer in resolving contract bulletin problems.

c. The method of inspection/acceptance outlined above does not preclude periodic sampling of deliveries by the ordering officer and submission of such samples to a military laboratory for tests.

4. Inspection Stamps. Bulk petroleum products are shipped in tankers, barges, tank cars, tank trucks, and pipelines. Therefore, it is not practical to affix DoD procurement inspection approval stamps to such deliveries. The DD Form 250, Material Inspection and Receiving Report, and all forms in this series are sufficient to indicate inspection and acceptance.

D. REPORTS. QARs performing PQA on petroleum products shall report data and actions taken to DESC-BQ upon request; reports will indicate point of contact, phone number, address, etc.

E. CONTRACT WAIVERS. Product and services supplied on DESC contracts will conform to all of the contract terms and requirements. However, FAR provisions allow contract exceptions as follows:

1. Contract waivers may be granted in support of urgent requirements or economy subject to equitable adjustment of contract price or other consideration; specification waivers will be coordinated with the organization responsible for the product technical requirements.

2. Contractor waiver requests to contract terms/product specifications may only be approved by the Contracting Officer; such requests will be direct to the Contracting Officer with an information copy to the Ordering Officer. When contractors request waivers: (a) Contracting Officers will request DESC-BP review waivers for technical evaluation, (b) DESC-BP/BQ will review waivers and recommend whether such be accepted or rejected in coordination with the military technical office, and (c) the Contracting Officer shall grant or deny waiver after consideration of DESC-BP/BQ's recommendations. NOTE: If technical offices cannot be contacted during non-duty hours, the COR at DESC-BP/BQ may grant minor deviations to support urgent requirements; in doing so, the COR will advise the military technical quality office and Contracting Officer of the waiver and circumstances during the next working day.

F. MILITARY TECHNICAL QUALITY OFFICES. Deviations to product specifications will be coordinated and approved by the following offices:

1. Army: U.S. Army Petroleum Center /SATPC-L

54 M Avenue, STE 9  
New Cumberland, PA 17070-5008  
DSN 977-6053  
COM 717-770-4230

2. Navy: Navy Petroleum Office  
8725 John J. Kingman Road, Suite 3719  
Fort Belvoir, VA 22060-6224  
DSN 427-7333  
COM 703-767-7333
3. Air Force: Directorate of Aerospace Fuels  
San Antonio Air Logistics Center (SFT)  
1084 Andrews Road, Suite 1621  
Kelly Air Force Base  
TX 78241-5000  
DSN 945-4655  
COM 210-925-4655

## CHAPTER 4 -- ORDERING, REQUISITIONING, AND SLATING

A. GENERAL. This chapter prescribes supply procedures for ordering fuel direct from refineries and requisitioning fuel from intermediate DFSPs. Petroleum products supplied by contract bulletins such as motor gas, burner fuel oils, diesel, and kerosene are not discussed in this chapter. Note: See chapters 1 and 5 of this volume for into-plane requirements/supply procedures; see chapter 15 of this volume for SF 149 purchases; see chapter 2 for local purchase criteria.

### B. DISTRIBUTION PLAN (DP)

1. DPs are prepared by DESC-B to advise DERs/DEOs of contract sources (refineries) and DFSPs scheduled to receive/ship fuel. DPs indicate the quantity contracted in support of each DFSP, the contractor name, contract number and mode of delivery.

2. In overseas areas with a military distribution system at ocean DFSPs, the DP shows only the source of supply for the coastal DFSP and not the associated base-level DFSPs.

3. DERs, DEOs, JPOs, and SAPOs shall monitor DPs for adequate support overseas and ensure DPs are aligned with JPOs, SAPOs, and Military Service components prepared inland petroleum distribution plans.

### C. DISTRIBUTION PLAN AUTHORIZATION (DPA)

1. DPA Format/Control. DPAs are generated by DFAMS based on DESC indefinite quantity contracts and distributed by computer to DERs/DEOs who use DPAs to monitor contract data, prepare SIOATHs and control orders.

a. DPAs are structured by DER or DEO product code; outline contract data and quantitative requirements/ordering limitations per contract; and authorize DERs/DEOs to initiate SIOATHs.

b. DESC-B monitors contracts funded by DESC; prepares and controls fuel orders for ocean tankers with fuel acceptance at FOB origin (because of MSC arrangements), unless delegated to a DER/DEO. DERs/DEOs control all other shipments.

2. DPA Funding. Funds are reserved, committed, and obligated in DFAMS to cover orders for fuel from contractors (refineries).

a. DPAs initially fund bulk contract requirements consistent with the minimum guarantee clause (fixed percentage). Percentage may fluctuate due to funding constraints and/or changing requirements. The remaining percentage is usually added by DESC-B via DPA amendments just prior to the fourth quarter of the contract. Funds for the balance of the contract are reserved with DPA amendments, committed with SIOATHs, and obligated as orders are initiated and recorded in DFAMS.

b. DPAs may be amended to ensure adequate supply of fuel. Vigorous attention/response to supply problems are crucial because the balance of the contract is usually not funded until the last quarter of the contract. When contract status review reveals contract liftings exceed projected monthly prorated liftings by more than 10 percent, DESC-B shall promptly reconcile the problem with the DERs/DEOs.

3. Quantity Control. DFAMS generated DPA/ SIOATH control sheets, status reports and contract status inquiries are used to monitor and control quantities on order. Note, the most recent Contract Line Item Number (CLIN) price will be used in calculating increases and decreases. DFAMS ensures that the total DPA dollar value, contract quantity/dollars are not exceeded; and that the DPA is updated to coincide with the SIOATH. DPA line item quantities may be increased provided that:

- a. Another CLIN of the same contract and product is reduced by a quantity that offsets the increased dollar amount;
- b. The increased quantity does not cause the total contract quantity and dollars to be exceeded; and
- c. The contractor agrees to overlift and underlift line items consistent with paragraph E.11.b., below.

4. DPA Quantity Increases. If above procedure fails to provide the needed increase, DERs/DEOs may request additional quantity from DESC-B. DERs/DEOs shall indicate. "contracts have been reviewed and additional quantity required cannot be obtained by DPA or SIOATH adjustments." To substantiate requests, DERs/DEOs will include such data as:

- a. Increased consumption at (name location) is due to special exercises, conversion of equipment or facilities, added aircraft, etc.; note, if aircraft or vehicles relocated, indicate the losing location.

- b. Requirements increased due to emergencies, special events, unprogrammed demands for filling new or repaired tanks damaged by disasters such as fires and floods, unexpected vessels in the area.

5. DPA Identification. Sample (FD-JP4-92-01-00) is as follows:

- a. FD .... DEO having SIOATH responsibility.
- b. JP4 ... product code; see volume V, appendix A62.
- c. 92 .... fiscal year in which the DPA is issued.
- d. 01 .... serial number; indicates the number of basic DPAs issued to the DER/DEO during the FY beginning with 01.
- e. 00 .... amendment number; indicates the number of amendments issued to DPAs (begin with 00 for the basic DPA).

6. Firm-Funded Contract Release Letter (FFCRL). FFCRLs (instead of DPAs) are prepared by DESC-B for contracts or portions of contracts that are firm-funded (which means fixed price/quantity). Such letters are identified for DERs/DEOs as follows (sample: NE-JP4- 92-1X-00):

- a. FD .... DEO having contract/SIOATH responsibility.
- b. JP4 ... product code; see volume V, appendix A62.
- c. 92 .... fiscal year in which the letter is issued.
- d. 1X .... basic code; a two-digit code (begin with 1X through 9X) to indicate the consecutive number of basic release letters issued to the office during the fiscal year. The X in the second position is unique to serial numbers for Firm-Funded Contract Release Letters.
- e. 00 .... amendment number; a two-digit number to indicate amendments to the Firm-Funded Contract Release Letter. Numbers will begin with 00 (initial data) and 01, 02, 03, etc., for amendments.

7. Distribution Plan Authorization (DPA) Control Record. The DPA control record is automated by the DFAMS data bank (see volume V, appendix A19). DPA and associated SIOATH data are automatically recorded by the DPA control record. DESC-OI certifies the DPA data.

#### D. SOURCE IDENTIFICATION AND ORDERING AUTHORIZATION (SIOATH)

1. Purpose. The SIOATH is a supply document initiated and controlled by the DERs/DESC-B, which identifies supply sources (refineries and DFSPs), contract quantitative limitations, fund data, and authorize DERs/DEOs or military bases to order/requisition fuel. SIOATHs are consistent with DPA or FFCRL data. (In this chapter, DESC-BID functions as a DER/DEO for ordering tanker cargoes.)

2. Quantity. The total amount authorized for ordering product within DERs/DEOs shall not exceed the quantitative limit in the DPA or Firm Funded Contract Release Letter; nor will ordering units exceed SIOATH quantitative limitations. SIOATHs will be amended when over delivery occurs on the final order.

3. Preparing SIOATHs. Instructions for preparing SIOATHs associated with contractor sources (refinery) are provided in volume V, appendix A7 and a sample is provided in volume V, appendix A8.

a. SIOATHs with refineries as the direct source of supply to DFSPs are generated by DFAMS; SIOATH data may be adjusted by DERs/DEOs if additional data or circumstances warrant it. See volume V, appendix A9 for an automated prepared SIOATH.

b. SIOATHs with intermediate DFSPs as supply sources for base-level DFSPs are prepared by DERs/DEOs in accordance with the DP provided DESC-B.

c. SIOATHs are not prepared for overseas DFSPs. Instead, JPOs and SAPOs shall notify customers of DFSP and pipeline support.

d. SIOATHs will arrive at military base DFSPs 5 working days prior to the new ordering period, or in time to meet the minimum advance notice of the contract.

#### 4. Special SIOATHs

a. Urgent Requirements. DERs/DEOs may provide SIOATHs which allow bases to order fuel prior to the ordering period of new contracts. See volume V, appendix A7, subsection A.9 for funding instructions.

b. Non-appropriated Units. SIOATHs will not designate such units as the ordering or receiving location. The sponsoring Military Service will requisition fuel for such units; requisitions will be charged to the SIOATH issued for that Military Service.

5. Ordering Time. Fuel will be scheduled in advance of required delivery dates (RDD) by the following criteria (unless the SIOATH indicates otherwise):

a. Ocean tanker.....20 days.

b. Barge and Pipeline.....15 days.

c. Tank car/truck.....2 days (48 hours).

6. Status. SIOATH status is available via the DFAMS Menu Driven Inquiry System (MDIS) for contractor (refinery) sources of supply.

7. Imported Fuel. SIOATHs will indicate the quantity of fuel to be imported. DERs/DEOs will report imported fuel to DESC-F as follows: provide copy of DD 250-1 or indicate the offshore supplier (refinery), contract number, product code, quantity, date of tanker discharge, and the receiving DFSP within one week of the receipt. NOTE: BHP Petroleum Americas Refining Inc. (formerly Hawaiian Independent Refinery Inc (HIRI)) and Coastal Refining & Marketing (Corpus Christi) are in a foreign trade zone and are considered offshore (import) sources; report fuel from these companies as imported.

8. Distribution. SIOATHs issued by the DESC staff for ocean tanker deliveries are not routed to consignees; the weekly arrival schedule provides the required data. One copy of all other SIOATHs (initial and amendments) are distributed as follows:

a. Contractor.

b. QAR or QSR.

c. DER/DEO originating office file.

d. Ordering and receiving units.

e. Alternate DER/DEO emergency relocation site.

f. JPOs associated with tanker discharges overseas.

g. Military transportation component overseas, as needed.

h. Army/Navy/Air Force SCPs and major air command associated with the functional units stated in paragraph D.8.d., above.

i. DER/DEO associated with the receiving unit, if other than the ordering DER/DEO.

j. DESC-B automatically obtains copies via DFAMS central data bank. No additional copies of refinery SIOATHs are required. DESC requires one copy of each terminal's SIOATH prepared by the DER/DEO.

9. Final (Closed) SIOATHs. DERs/DEOs will prepare and distribute an amended final SIOATH (refinery) that reports the actual quantity/fuel delivered within 45 days after the DPA/SIOATH terminates. Annotate last SIOATH with ... "This is the final SIOATH issued to indicate the actual quantity delivered." Final SIOATHs are issued for firm-funded contracts. Copies of the final SIOATH will be filed at DERs/DEOs and distributed to the contractor and overseas ordering unit.

10. SIOATH Control Record (DD Form 1886). DERs/DEOs will maintain DD Form 1886 for each CLIN in the SIOATH; records are the source for reporting the status of orders. For Government Furnished Material (GFM) fuel in support of defense contracts, records will be maintained by the Contracting Officer. Records will coincide with the SIOATH period. Forms will be prepared and maintained as indicated in volume V, appendix A16; see appendix A17 for sample. NOTE: Computer-generated records (which provide daily status of each order with actual and projected balances) may be used in lieu of DD Form 1886.

#### E. DD FORM 1155 - ORDERING FUEL FROM CONTRACTOR SOURCES (REFINERY)

##### 1. General

a. Fuel supplied by DESC requirements contracts (Type D) are ordered on DD Form 1155. Storage space (ullage) is crucial in ordering fuel; sufficient ullage shall be available when placing orders.

b. Fuel supplied by DESC firm-funded, fixed-quantity, or definite delivery contracts (Type C or M) are processed by DESC as requisitions, not as obligatory documents; enter Firm-Funded in block 17 of DD Form 1155 with the requisition number, signal/fund code, and supplementary address (if any), and a confirming delivery schedule.

2. Centralized Ordering by DERs/DEOs. DER/DEO central ordering procedures cover all DFSPs.

##### a. DERs/DEOs shall:

(1) Prepare SIOATHs and indicate DER/DEO as ordering office.

(2) Maintain SIOATH control records via DFAMS output or DD Form 1886, SIOATH Control Record.

(3) Prepare DD Form 1155 orders/amendments for DFSPs; distribute copy to military base DFSPs within 1 working day.

(4) Report P10 and P20 transactions in DFAMS and monitor DFAMS for missing P20/P30 transactions.

(5) Report P30 transactions in DFAMS for FOB acceptance at destination shipments to non-DoD locations.

##### b. Military Base-Level DFSPs shall:

(1) Report monthly resupply quantity to DERs/DEOs by the 15th of the preceding month. Urgent requirements may be phoned or faxed.

(2) Schedule deliveries with the contractor based on the DD Form 1155 data provided by the DER/DEO.

(3) Promptly inform DERs/DEOs of changes in monthly resupply quantity. Reporting changes on time is crucial in amending delivery orders. Any change affecting the annual projected fuel requirement by more than 10 percent must be reported to the major command and SCP for subsequent submission to the DER/DEO and DESC as required.

3. Preparing DD Form 1155 Orders. See volume V appendix A10 for sample format and volume V, appendix A12 for further instructions.

a. Orders obligate the Bulk Petroleum Category, DLA Division, DWCF. Thus, care shall be exercised to ensure that data is accurate and consistent with the data/limitations indicated in the SIOATH. DERs/DEOs and DFSPs authorized to order fuel are indicated in the "Ship To" block of the SIOATH. See volume V, appendices A12 and C12 for numbering orders.

- b. Orders may project daily, weekly, or monthly requirements.
  - c. Orders should arrive at the contractor IAW contract terms.
4. Distributing DD Form 1155. Orders and amendments will be distributed within 1 working day of preparation, as follows:
- a. Contractor - original and two copies (one marked for QAR).
  - b. Originating office file - one copy.
  - c. DFAS-CO-SF one copy, omit if recorded in DFAMS.
  - d. Consignee - one copy.
  - e. DER/DEO or DICP - one copy to the unit designated to report P10 delivery order/amendment transactions. Note: Service/Agency units which order or amend orders on DD Form 1155 for bulk fuel under DLA contracts are not required to provide the DER/DEO or DICP a copy of the order when they report the P10 transaction code directly to DFAMS. Customers without DFAMS reporting capability will instruct the DER/DEO or DICP to report the P10. Notify DESC-F if assistance is required.
5. Placing Delivery Orders. Orders will be placed in advance of required delivery dates (RDD) IAW the time criteria in subsection D.5., above, unless otherwise indicated in the SIOATHs.
- a. Urgent orders and amendments may be submitted to suppliers by telephone, facsimile; such action will be confirmed by DD Form 1155 by close of business the following workday. Urgent orders by phone or message will include the order number; and billing data (supplementary address, signal/fund codes) for non-DoD requirements.
  - b. Orders for shipments to terminals via tanker, barge, and pipeline require one order number for each shipment. When multiple shipments are made in the same month under the same CLIN, up to four orders may be placed on a single DD Form 1155; but, each order will be assigned a different order number. See volume V, appendix A14 for an example of a single DD Form 1155.
  - c. Single orders should be placed for incremental delivery quantities that conform to the contract MIN/MAX quantity clause. When it is mutually acceptable to the Government and contractor to exceed the MIN/MAX quantity clause of the contract, orders may be adjusted if requirements substantiate the need.
6. Signing Orders. Names and signatures of persons authorized to sign orders will be provided to the contractor. Orders will be signed (no stamp signature) as follows:
- a. Officials authorized by the DER/DEO commander.
  - b. Ordering fuel for defense contractors as GFM fuel will be signed by a Government official designated as the ordering officer by the Contracting Officer or by the official designated in the contract.
7. Amending Orders. Quantity amendments will be consistent with quantitative provisions of the contract (min/max clause, percentage allowed). DD Form 1155 will be used to amend orders already placed with a contractor; see volume V, appendix A12 for instructions. Enter the original (basic) contract price. Amendments are required to document the following:
- a. To reduce part of the quantity ordered but no longer required; such amendments must be agreed to by the contractor at no cost to the Government. If the contractor does not accept, the ordering officer will promptly notify the DESC Contracting Officer. Changes to contract volumes can only be accomplished under the authority of the Contracting Officer.
  - b. Over Deliveries. Deliveries where the difference between the total quantity ordered and the total quantity delivered/accepted exceeds PLUS 10 percent of the order. These delivery orders require prior approval from the ordering office and if the increased quantity exceeds the authorized SIOATH amount, approval of the DER/DEO must be obtained before the amendment is issued. Note, no amendment is required when the difference is 10 percent or

less of the total order and the variance is caused by conditions of loading or shipping; this applies to each individual order.

c. Under Deliveries. Deliveries where the difference between the total ordered and the total quantity delivered/accepted exceeds MINUS 10 percent of the total order. These delivery orders require an amendment to reduce the order to the amount accepted with the following stipulations:

(1) If the amount delivered is considered acceptable by DERs/DEOs or ordering officers overseas, an amendment is required to decrease the ordered quantity to the amount accepted. See subsection E.8., below, for limitation of the Government to cancel order in part.

(2) If the contractor fails to deliver a portion of an order and the undelivered quantity is still required, the order will remain open. This allows the Government to either obtain the remaining quantity through legal action or hold the contractor liable for any increased costs incurred in obtaining the undelivered quantity from alternate sources. In any event, amendments will not be issued to decrease quantities under the condition of this paragraph unless directed by DESC.

(3) If the contractor fails to deliver the entire order by the end of the delivery period and product is no longer required nor is there any intent to hold the contractor liable, an amended order will be issued to reduce the order to the quantity delivered.

8. Canceling Delivery Orders. Although orders obligate the Government to accept the product, contractors are willing to cooperate when unexpected circumstances prevent accepting delivery by extending the delivery date or stop delivery without any cost to the Government. Thus, it is in the best interest of the Government, to give contractors equal consideration in the event of delivery supply problems. See volume II, chapter 2, paragraph C.6.e. for further cancellation instructions.

a. Canceling orders may have an impact on the contractor, especially if the product is ready to be delivered. Thus, mutual cooperation is required between the contractor and ordering officer.

b. In the event circumstances prevent accepting product as ordered, every effort shall be made to postpone the delivery date. By mutual agreement, the delivery date can be extended by amendment of the order to allow for delivery of the quantity previously ordered prior to additional orders being placed. Additionally, the amendment of the delivery date is applicable to all orders placed prior to the last month of the contract period. If such efforts fail and cancellation is still required, attempt will be made to have the contractor agree to a no-cost-cancellation. In the event a no-cost agreement is reached, an amended order will be issued to the contractor. Amended orders will contain a special notice in block 19 of the DD Form 1155 as explained in volume V, appendix A12. The authority to cancel, in whole or in part, an order under a no-cost agreement is delegated to the ordering officer. In the event no such agreement can be reached with the contractor, see paragraph E.8.d., below, for instructions.

c. Care will be taken by ordering officers in dealing with contractors to prevent jeopardizing the rights of the Government under the Termination for Convenience Clause. When termination for convenience of the Government is the only alternative, promptly notify the Contracting Officer at DESC-B (bulk fuel requirements) or DESC-P (PC&S fuel requirements), as appropriate, with the following data: (1) contract number, (2) order number, (3) date of order, (4) quantity and product code, (5) delivery date requested, (6) destination of shipment, (7) reason for termination, and (8) summary of the actions taken by the ordering officer.

#### 9. Delivery Delays (Special Considerations)

a. When contractors fail to deliver product as ordered IAW the contract required delivery schedule, the ordering officer will determine the immediate

or potential impact and take action as outlined in chapter 2, subsection C.6., of this volume. Factors to be determined by the ordering officer include: (1) the effect of delays in delivery on prescribed minimum inventory levels or day-to-day support capability, and (2) possible increased costs to the Government resulting from such delays.

b. When a location is receiving product from two or more contract sources, the ordering officer will prorate liftings according to the monthly volume of each contract. Minor deviations may be made to meet fluctuation in requirements; however, arrangements for overlifting will be agreeable to the contractor. When a contractor falls behind on deliveries to the extent that another contractor has to deliver ahead of his/her contract quota by 10 percent or more, the receiving location shall bring the matter to the attention of the DER/DEO.

c. Orders shall be placed consistent with contract terms. Reference section F, "Deliveries or Performance," of the solicitation/contract, as appropriate. The following guidance shall be considered in placing orders:

(1) When a contractor has failed to deliver one or more times and it appears that default action may be requested, orders will be limited to not more than a 1-week supply, unless directed otherwise by the DER/DEO. If it is necessary to request default action, this will permit processing without delay.

(2) Because the Government is obligated to honor the original order, changes in delivery schedules or quantity ordered must be in accordance with the terms of the contract.

d. When default action is requested against an order, ordering officers will refuse to accept further deliveries of that order. However, new weekly orders will continue to be placed against the contract for a pro rata share of the contract; such orders will indicate that no fuel will be accepted if delivered after the close of the week or the time period indicated in the order. If the contractor fails to fulfill new orders, take action as indicated in chapter 2, subsection C.6., of this volume.

10. Contract Flexibility. The following procedures may be exercised if ordering and delivery procedures under DESC contracts are consistent with the related contract; if not, the contract terms and conditions take precedence.

a. SIOATH Form. If contract provisions are not available to take advantage of the flexible procedures discussed below, so indicate on the SIOATH form.

b. Quantity Transfers Between Line Items. A contract line item may be "overlifted" if another line item for the same grade of product on the same contract will be "underlifted" by a compensating quantity and the contractor agrees to such action. NOTE: Quantity transfers to and from DPA contract line items involving ocean tankers require approval of DESC-B.

c. Overlifting Final Order. Final order for delivery by ocean tanker, barge, or pipeline may be increased by 50,000 barrels (7950 cubic meters) or the monthly ratable quantity, whichever is less. Contract items reduced under the provisions outlined in subsection 10.b., above, and contracts for lube oils may not use this overlift provision.

d. Ordering Delivery Prior to the New Contract Period. Bulk contracts usually allow orders from date of award through a specified delivery period with the first day of the delivery period set by the contract schedule. Occasionally, it is necessary to order/accept deliveries from new contracts prior to the beginning date of the new period, rather than request supplemental procurement for the current contract period. Requests to order fuel under such circumstances will be submitted to DERs/DEOs for approval and usually will be limited to advances of no more than 30 days. For advance deliveries, ordering officers shall forward request to DESC-B for issuance of purchase request issuance of a contract modification.

e. Ordering Delivery Beyond the Contract Period. Contractors are required to deliver up to 30 days beyond the contract period, if orders are placed during the contract period; contractors may accept orders during the contract period for delivery during a reasonable time beyond the 30-day extension. The DER/DEO must obtain DESC-BIB and the Contracting Officer's approval prior to placing orders that require delivery outside the normal contract/carryover period. Purpose of these Government options is to assure continuous supply of fuel. Examples of situations where such actions are advantageous are when new contracts are not available to provide support.

11. Reporting Contract Underlifts. Normally, an underlift cannot be forecast until at least 90 days of the contract period has elapsed. If circumstances indicate that orders for the contract period will be underlifted, action will be taken as follows:

a. Ordering officers will review projected requirements with balances on SIOATHs and promptly notify DERs/DEOs when it appears that the CLIN will be underlifted as of the end of the contract period by 15 percent or more. DERs/DEOs in turn will monitor liftings by each contract at least monthly. When the cumulative lifting of a CLIN is less than the cumulative quota, DERs/DEOs will determine the anticipated cumulative liftings for the entire contract period. If underlifts of a CLIN are at least 15 percent or more of the contract quantity and cannot be transferred to another item for lift IAW paragraph E.11.b., below, DERs/DEOs will prepare an amended SIOATH reducing the item by the underlift quantity. The amended SIOATH will be mailed by cover letter to the units in subsection D.7. Using DFAMS printouts, DESC-B shall amend the DPA by the amount indicated on the amended SIOATH.

b. DERs/DEOs may underlift quantity to adjust for overlifts at another location not initially supported by the contract only if all of the following conditions are fulfilled:

(1) The diversion will result in a cheaper laid down price for the alternate location.

(2) The diversion would result in a more equal underlift for all applicable suppliers in the original location.

(3) For the alternate location, the diversion will not result in underlift quantities for the contracts in that location.

## F. REQUISITIONING FUEL FROM INTERMEDIATE DFSPs

### 1. Supply Sources

a. CONUS/Alaska. DERs/DEOs shall notify military base-level DFSPs of designated supply sources via SIOATHs with a copy to the DFSP supply source. SIOATHs will be modified as follows:

(1) Provide data on DFSP source (in lieu of refinery).

(2) Blocks that call for contract data will be blank.

(3) Check the block on the SIOATH form that indicates "release of product from terminal stocks" under remarks for item 1.

(4) The block that indicates "the maximum quantity that will be called for" may be left blank.

b. Overseas. JPO/SAPO in coordination with DER/DEO will notify overseas bases. No recurring notice will be issued; unless otherwise informed, bases will assume their source of supply is the same as it was for the preceding period.

2. Requirements/Requisitions. Base-level DFSPs shall submit 30-day requirements for fuel in writing to the DFSP designated as their supply source. Base-level DFSPs may requisition (schedule) fuel by phone, fax, etc., from their supply source DFSP as follows:

a. Requisitions may be placed for single or multiple deliveries for requirements not exceeding a calendar month.

b. Requisitions will remain active until the total quantity requested is shipped or amended by the base-level DFSP to adjust the quantity to the total quantity shipped or cancel the unfilled balance.

c. Intermediate DFSPs may request base-level DFSPs to amend requisitions when the remaining quantity to be supplied is less than a tank truck/car load.

3. Requisition Time. Requisitions must be submitted to intermediate DFSPs in advance of required delivery dates IAW subsection D.5 criteria. Request for shipside deliveries may be less than 20 days if such improves strategic operations or prevents vessel movement delays.

#### 4. Redistribution Order (RDO) Between DFSPs

a. DLA inventories are redistributed between DFSPs (intermediate and base-level) via RDO numbers. RDO numbers are documented on DD Form 250-1, Tanker/Barge Material Inspection and Receiving Report, or DD Form 1348-7, DoD MILSPETS Single Line Item Requisition/Receipt Document, by the DFSP releasing the fuel; note, multiple shipments to the same DFSP in support of the same requirement (product, date, etc.) will be documented with a single RDO number and no suffix numbers.

b. RDO numbers are provided by CONUS DERs/DEOs and DERs/SAPOs overseas to intermediate DFSPs to direct the shipment of product between DFSPs (intermediate or base-level) and pipelines. RDO numbers may be provided by phone/fax. DERs/SAPOs shall maintain a register of the RDOs and associated data; and may issue blocks of RDO numbers to shipping DFSPs when shipments between DFSPs are frequent. Shipping DFSPs shall maintain RDO registers with at least the following minimum data: RDO number, grade of product, quantity, delivery mode, date of shipment, and consignee.

c. RDOs between intermediate DFSPs will provide at least the following data: RDO number (14 position document number), DODAAC/RIC of the shipping and receiving DFSPs, grade/national stock number of the product, quantity, mode of delivery, and required delivery date.

d. Shipments between intermediate DFSPs will include the RDO number in record positions 30-43 of DD Form 1348-7, documentation of Requisition/Redistribution Order/Release Order or the RDO number along with the annotation "DLA-OWNED PRODUCT" in block 21 of the DD Form 250-1. Copies of the DD Form 250-1 shall be mailed to the QSR for GOCO/ COCO DFSPs or to the RO for GOGO intermediate DFSPs.

e. RDOs shall be locally assigned by DFSPs when the DFSPs are collocated at the same military location such as an Air Force DFSP and the Air National Guard DFSP.

f. RDOs will not be used to redistribute fuel at terminals which are part of the same DFSP complex.

### G. REQUISITIONING FUEL ADDITIVES

1. Packaged Additives. Drummed inhibitors, packaged fuel system icing inhibitor (FSII), corrosion inhibitors, and static dissipator additive (SDA) (or conductivity additive) - also termed as electrical conductivity additive (ECA) or anti-static additive (ASA) are supplied by "DSCR" - Richmond, VA.

a. Intermediate GOGO DFSPs shall submit MILSTRIP requisitions directly to DSCR (see volume V, appendix A15).

b. For Contractor-Operated Intermediate DFSPs, DERs/DEOs shall initiate requisitions to DESC-FG via phone, fax, etc. (see volume V, appendix A15).

c. The Military Services shall submit requisitions for packaged additives from DSCR to the appropriate Military Service-operated-onbase storage facility.

2. Injecting Additives. In general, additives shall be injected prior to the base-level tankage receiving the fuel; additives shall be injected:

- a. at intermediate DFSPs that supply base-level DFSPs.
- b. at the industry source when fuel is delivered direct to the base-level DFSP.
- c. by the pipeline operator when delivery is made by common carrier multiproduct pipeline.

3. Funding Additives. DESC funding for additives will be made available for fuel not owned or bought by DESC/DWCF (RIK, FEAs, "free fuel" situations, etc.). The Military Services retain full logistics responsibility to order and inject additives funded by DESC. DESC reserves the right of review and approval of these situations, in order to avoid uneconomical decisions.

#### H. STOCK DISTRIBUTION BETWEEN BASE- LEVEL DFSPs

1. Economic Distribution. Stock distribution between base-level DFSPs will be used in support of the DLA integrated management mission for bulk petroleum products. Base-level DFSPs will be used as central distribution points in support of other base-level DFSPs when it is cost effective in relation to the overall distribution pattern. DESC will coordinate the feasibility (storage availability and receiving/shipping facilities) of such distribution with the base DFSP and SCPs in CONUS and JPOs overseas.

2. Transportation. DERs/DEOs shall provide routing instructions to the transportation office of the shipping DFSP. Shipping DFSPs shall: (1) schedule transportation (tank trucks) for loading/shipping the fuel, (2) prepare Government Bills of Lading (GBLs), and (3) coordinate shipping schedules with the receiving DFSPs.

3. Funding. DESC shall fund the transportation costs such as GBL shipments. Intransit losses described under conditions indicated in chapter 5, section F. of this volume will be sustained by the DLA Division of DWCF.

4. DFAMS. Shipments will be reported as fuel transfers.

#### I. SLATING PROGRAM

1. General. Fuel requirements at ocean terminals are resupplied by ocean tankers via a program called "slating."

a. The slating program is designed to provide timely resupply of fuel at minimum costs. Slates are reported by DERs/DEOs and JPOs to DESC-B for developing cargo schedules in coordination with Military Sealift Command (MSC). Thus, consolidated requirements are developed by DESC for ocean tanker deliveries.

b. Slating represents current and future requirements at ocean DFSPs. All slating activities shall calculate requirements for 4 months (current plus 3 months).

##### 2. Scope

a. Ocean terminals and commercial pipelines under pipeline operating agreements that receive fuel by ocean tanker or barge; bulk petroleum products in FSC 9130, 9140, and 9150.

b. DERs/DEOs, JPOs, DESC, DCMC and MSC; a concerted effort among these DoD Components is crucial in achieving satisfactory results.

##### 3. Slating Responsibilities

a. Applicability. DERs/DEOs in CONUS and JPOs/ SAPOs overseas (unless coordinated otherwise) shall plan, prepare and submit slating requirements for their regions/theaters and ensure that the slates represent the coordinated requirements of the Military Services. DESC-B shall schedule product for Greenland in coordination with SPACECOM. Special tanker requirements for Antarctica will also be scheduled in coordination with the National Science Foundation or the designated representative.

##### b. Planning

(1) Careful planning is vital in calculating accurate delivery requirements. Avoiding changes in slated requirements is crucial in maintaining an efficient operation. Shipping and ordering arrangements are normally made 30 to 60 days in advance of delivery dates. This means shipping instructions for the current and following month will have been issued prior to the receipt of the current slate. Therefore, a maximum effort must be made to ensure changes in slated requirements for the first 2 months be reduced to a minimum consistent with operational necessity.

(2) Besides reporting requirements for DESC-B "slated" tanker deliveries, slates should provide scheduled delivery data from other sources (i.e., pipeline or barge) when such is the case. Such data is essential in developing optimum tanker distribution.

(3) Slates indicate the time period when resupply is required and the amount of product required for the terminal. DESC-B uses this data in calculating transportation requirements. If feasible, slates should report the amount of fuel which can be received at a terminal in full shipload increments. Amount will vary depending on the contract award pattern and ships projected for use; it will be expressed as the order quantity for the fuel. Order quantity will be scheduled by DESC-O in coordination with the DER/JPO. Negative slate balances should be accounted for in the next slate (see paragraph I.3.e., below).

c. Reporting. Slates will be reported on a monthly basis calculated to ensure its arrival at DESC on or before the 10th calendar day of each month, IAW the Bulk Petroleum Product slate, RCS: DLA(M)1881-(DESC). Detail procedures for reporting and transmitting slates to DESC via the AUTODIN system are in volume V, appendix A27. JPOs/DERs/DEOs shall report consolidated slates in support of military requirements overseas via AUTODIN or by other available electronic means such as facsimile. CONUS slates are input via DFAMS.

d. Delivery Requirements. The delivery requirements for each ocean terminal will be by product code for each of the months reported. Each month requirement may be further refined by requesting delivery during: (1) the 1st through the 10th of the month; (2) the 11th thru the 20th of the month; or (3) the 21st thru the end of the month; however, this refinement should only be used if delivery is required in a specific period of the month. Due to the many variable elements involved in resupply of bulk fuel by ocean tankers, the quantities and times of deliveries may not coincide exactly with those slated. Any requirement that has priority for firm delivery of quantity or date must be highlighted by footnotes to slates (see paragraph I.3.f., below). Anticipated delivery method will be indicated as follows:

(1) Method 1 - MSC, Washington controlled tanker/ barge.

(2) Method 2 - Commercially controlled tankers making FOB destination shipments.

(3) Method 3 - Pipeline, tank car, tank truck, and barge deliveries arranged by other than MSC.

e. Requirement Balances. Requirement balances are used to account for the difference between slated and delivered amounts. Such balances are maintained by DESC-BI, DERs/DEOs, and JPOs. As mentioned in the preceding paragraph, some variations are expected between slated and actual deliveries, thus, the need for requirement balances. Such balances are computed as the variance between the quantity slated for tanker delivery during a calendar month and the quantity received by tankers (with DESC cargo number designations) during that month. For slating purposes, the requirement balance reported is the cumulative total of the requirement balance (plus, minus, or zero) carried forward from the beginning of the prior month and the requirement balance (plus, minus, or zero) computed at the end of the prior month. Such balances will be reported for the beginning of the current month

only. Products received by means other than DESC-numbered cargoes will not be considered in computing requirement balances but will be taken into account when computing quantities desired. The requirement balance must be considered in the following manner when preparing a slate:

(1) If a negative requirement balance is shown for the close of the month prior to the first month on the slate, the slating unit shall review the next month projected resupply position.

(2) If the negative balance is already scheduled, no further action is required.

(3) If the negative balance is not scheduled, disregard it. JPOs/DERs should compute the slate by starting even and reflect current ullage and anticipated demands (issues). NOTE: Ullage should be available to accept the quantity of a negative requirements balance on the first day of the current month. If ullage is not available, the negative balance will be adjusted to the quantity for which ullage is available; explain such variance in footnote. A plus requirements balance will be counted in the next slate if it serves to fill a requirement in the first month of the new slate.

f. Footnotes to Slates. Footnotes will be used to report data not included in the basic slate format, such as the following:

(1) Changes in storage capacities resulting from tank cleaning, maintenance, repair, new construction, or abandonment.

(2) Significant changes in requirements explaining the reason for revised estimates.

(3) Special requirements, restrictions, or limitations relative to ullage, receiving capability, pipeline distribution schedules, safety regulations, periods of possible port facilities congestion and depth of waterways which could affect tanker operations.

(4) Product shuttled by tankers/barges controlled by MSC outside of Washington, DC must be identified by footnotes.

(5) Delivery data from other sources (e.g., pipeline).

(6) Any data deemed crucial, needed, or appropriate.

g. Unforeseen Changes. Unforeseen changes in storage capacities, issue demands, or other factors affecting delivery requirements during the first 2 months of the current slate shall be reported through CONUS DER/DEOs and CINC-JPOs/DERs/DEOs overseas, as appropriate, to DESC-B by the most expeditious means available. Such changes require prompt submission of a slate change.

h. Response to Slated Requirements. DESC-B will attempt to meet slated requirements in the time-frames and quantities requested. To provide CONUS DER/DEOs and JPOs with tanker arrival data, DESC-B provides a daily tanker schedule by facsimile. Additionally, the weekly arrival schedule (WAS) is provided by message to the DERs/JPOs and other info addresses. Both list cargoes scheduled to arrive at DFSPs. As daily changes occur, DESC-B updates the preceding WAS by message. DERs/DEOs and JPOs will review the schedule and changes thereto and advise DESC-B if it does not adequately meet requirements.

## CHAPTER 5 -- SHIPMENTS, ISSUES, AND RECEIPTS

### A. SHIPMENT NOTICES

#### 1. CONUS

a. Tanker, Barge, and Pipeline Shipments. For shipments with acceptance at FOB destination, DERs/DEOs shall provide delivery notice and data to QSRs and DFSPs.

b. Rail Shipments. Refineries (by contract terms) and area DFSPs shall notify base-level DFSPs by message or phone when product is released to the carrier with the following data: date of shipment, grade of product, car numbers, seal serial numbers, bill-of-lading numbers, and quantity. Message notice is not required if advance copies of the shipping document arrive at the base in sufficient time for personnel to make proper plans for receipt of the tank cars.

2. Overseas. DESC shall notify the SAPO and unit commands of shipments slated overseas through the weekly tanker arrival schedules or direct message when shipments originate outside the SAPO area.

### B. SHIPMENT AND RECEIPT DOCUMENTS

1. DD Forms 250 and 250-1: DD Form 250, Material Inspection and Receiving Report and DD Form 250-1, Tanker/Barge-Material Inspection and Receiving Report.

a. DD Form 250 is used to document receipts of contractor shipments of DLA-owned bulk fuel via over-land transport or pipeline to DFSPs. DD Form 250-1 is used to document shipments and receipts of bulk fuel transported by ocean tankers and barges. Standard instructions for processing DD Forms 250/250-1 are provided in volume V, appendix A28 of this manual. See volume V, appendices A29 - A32 of this manual for samples of the documents.

b. DFAMS transactions are used to confirm shipments documented on DD Form 250. Shipments under DESC contracts are paid by DFAS-CO-SF based on contractor invoices and DFAMS P20 or P30 transaction data. Thus, it is essential that shipment and receipt transactions are complete and promptly input to DFAMS data bank. For FOB destination deliveries, consignees will retain DD Forms destination deliveries, consignees will retain DD Forms 250/250-1 for 6 years after the contract expiration date (DFARS, Appendix F).

c. Upon discharging ocean tankers/barges, receiver completing DD Form 250-1 will assure that the order number indicated on the document is properly entered in block 10. This number is subsequently used for stock fund accounting and verifying quantity in transit.

d. When ocean tankers or barge cargoes are discharged at two or more DFSPs, total loss or gain of product is calculated at the final discharge point. Quantities discharged at intermediate points will be entered in the "discharge" column, DD Form 250-1 adjusted to 60°F (or 15°C when metric is used). No loss or gain will be indicated for the intermediate points. DFSPs at intermediate discharge points will promptly advise the final discharge point by message of quantity received (in advance of mailing documents in order to expedite loss or gain calculation, see volume V, appendix A28 of this manual). The final discharge port shall submit SF 361 - Transportation Discrepancy Report and investigative data on excessive intransit losses or gains of product, if required.

e. DLA-owned product issued by MSC tankers to ships at sea will be accounted for as intransit inventory by "cargo number." Such issues will be reported to DESC-OI by MSC report 4020-4. DESC-BI shall record the cargo diversion and receipt.

2. DD Form 1348-7, DoD MILSPETS Single Line Item Requisition/Release/Receipt Document is used to document DoD issues, returns, and sales (i.e., shipments between the Military Services, DFSP to DFSP shipments); and issues to non-DoD units under bilateral agreements. See volume V, appendix A24/A25 of this manual for preparation instructions. If DD Form 1348-7 is not available, DD Form 1348-1 may be used.

3. DD Form 1149, Requisition & Invoice/Shipping Document may be used by Navy operated DFSPs to document issues to afloat and ashore units when the point of sale or issue is in the DFSP complex. However, DD Form 250-1 will be used to document shipments by tanker or barge when the quantity loaded at the origin point is determined by shore tank gauging and the quantity discharged is determined by gauging at the receiving unit.

4. Distribution of DD Forms 250, 250-1, and 1348-7. DD Forms 250 and 250-1 will be distributed IAW instructions provided in volume V, appendix A28 of this manual. For receipts via commercial pipelines in CONUS, the receiving DFSP will ensure that pipeline companies are provided three signed copies of the DD Form 250. DD Form 1348-7 will be distributed as required locally.

C. DELIVERY HOURS. Contractors and DFSPs shall schedule tank truck deliveries to arrive at receiving locations during normal duty hours. However, when it is not feasible to receive monthly pro-rata quantities of product from contractual sources during the time limitation imposed by restricting deliveries to normal duty hours, it will be incumbent upon the receiving unit to make all necessary arrangements to receive product during other than normal duty hours.

#### D. COMMON RECEIPT PRACTICES

##### 1. Quantity Verification

a. Verifying receipts are discussed in section E., below. Discrepancies in product quality/quantity will be researched/reported per instructions in section E., below, and chapter 10, subsection D.5. of this volume. SF 361 (TDR) will be submitted IAW DLAR 4500.15/AR55-38/NAVSUPINST 4610.33C/ AFR75-18/MCO P4610.19D, Reporting Shipment Discrepancies.

b. Quantity discrepancies which indicate fraud, theft, or gross negligence will be promptly investigated by the receiving unit; product will be unloaded at GOGO DFSPs only when the Responsible Officer (RO) or local commander so directs.

c. See subsection F.2., below, for quality discrepancies.

2. Contract Terms. Contracts usually allow 10 percent variance between quantity ordered and quantity shipped to compensate for loading and handling conditions. When multiple orders are placed and variances up to 10 percent occur between quantity shipped and accepted, subsequent orders may have to be adjusted accordingly.

##### 3. DD Form 250

a. Indicate the quantity received on this document. If the quantity received is the same as the quantity shipped, circle the quantity received. If the quantity received is different from the quantity shipped, write in the quantity received and encircle.

b. For contract bulletin products, payment is based on the accepted net quantity received providing it is consistent with the contract terms. (i.e., quantity shipped is considered quantity received). The quantity accepted on DD Form 250 by the receiver shall be the quantity which is acceptable per the contract terms; it may differ from the actual quantity received - if it is, record the actual quantity received on the DD Form 250 copy filed at the receiving unit with a note explaining the variance for internal inventory control.

4. Fuel Additive Transactions. Additives shall be injected prior to the base level tankage receiving the fuel (see chapter 4, section G. of this volume).

a. Receipts of additives, other than BULK FSII, will be processed as a separate product and expensed upon delivery. Activities will maintain local accountability of the additives.

b. Bulk FSII

(1) Receipts FSII by Tank Truck/Car. There are two types of FSII currently used in aviation fuel; however, use of Ethylene Glycol Monomethyl Ether (EGME) is being phased out. To ensure the correct FSII has been injected and received, a specific gravity determination will be performed prior to acceptance or discharge. Use the following table to verify the specific gravity (at 20°C/68°F) indicated on the shipping document:

FUEL GRADE	TYPE FSII REQUIRED	SPECIFIC GRAVITY
JP4/JP8	Ethylene Glycol Monomethyl Ether (EGME) MIL-I-27686 (inventory being phased out) .....	0.96
JP4/JP5/JP8	Diethylene Glycol Monomethyl Ether (DiEGME) MIL-I-85470 (AS) (high flash point) .....	1.02

(2) A DD Form 1348-8, DoD MILSPETS DFSP Inventory Accounting Document, will be used to show the quantity injected. The additive quantity will be processed as a downgrade/conversion with an increase in fuel inventory. Quantities injected shall be reported in whole gallons. Fractions of a gallon will be accumulated by a memo record until such time as a whole gallon can be reported. (For example: 1.5 gallons injected is reported as 1 gallon with a memo record of 0.5 gallon.)

E. DETERMINING RECEIPT QUANTITIES. The instructions in this section apply to receipts from DFSPs. When receipt is from a contract source, the instructions in this section will serve as guidance only; the terms of the contract shall be followed for quantity determination.

1. Deliveries by Tank Truck/Tank Wagon(TT/TW)

a. FOB Origin. As prescribed by DESC contract clause F1.09, for product deliveries at the contractor refinery or terminal on an FOB origin basis, the quantity shall be determined (at the contractor's option) on the basis of:

(1) Certified capacity tables of TT/TW loaded; or; (2) Calibrated meter; or; (3) Weight, using calibrated scales. A Government representative may be present to witness the measurement of quantity. Volume correction to 60°F (or 15°C) is required for all deliveries.

b. FOB Destination. When the shipping activity is a DFSP and a temperature compensating meter was used to determine the net quantity at the shipping DFSP, the RO must use method subparagraph E.1.b(1)(c), below.

(1) Methods. Gauging inventories at storage tanks is the preferred method. Nevertheless, quantity shall be determined by one of the following methods (re: DESC contract clause F1.09):

(a) Contractors/DFSPs shall provide delivery equipment that enables the receiver and contractor carrier to determine quantity at destination in the TT/TW by one of the following:

- 1 Calibrated meters (this option must be used when environmental restrictions prohibit the opening of dome hatches prior to, during or after off-loading); or
- 2 Certified capacity tables. The tables must be made available at the time of delivery; or

3 Certified tank calibration markers. Certified tank calibration markers will not be accepted unless the TT/TW is full to the marker and the entire quantity is off-loaded at the receiving activity. This method may not be used for deliveries to Army receiving activities.

(b) Contractors/ROs at shipping and receiving DFSPs may mutually agree in writing to determine quantity by inventories of the receiving tank(s) just prior to and after delivery. For each contract line item under this method, contractors are required by contract to submit one copy of the written mutual agreement to DFAS-CO-SF.

(c) Contractors/ROs at shipping and receiving DFSPs may mutually agree in writing to accept the net quantity determined at the loading point (using a calibrated loading rack meter or calibrated scale) as the quantity received providing the requirements below are met. When the shipping activity is a DFSP and a temperature compensating meter was used to determine the net quantity at the shipping DFSP, the RO must accept the net quantity shipped as the quantity received providing the requirements below are met (no written agreement is required).

1 For each contract line item under this method, the contractor must have submitted one copy of the written mutual agreement to DFAS-CO-SF as required by the contract.

2 The quantity is mechanically printed on the loading rack meter ticket that is generated by the loading rack meter. The loading rack meter ticket must contain whatever additional data the receiver specified when they agreed to use this method.

3 The quantity will be accepted only if the TT/TW is sealed at the loading point with serially numbered seals, seal numbers are recorded on the meter ticket at the loading point, all seals are intact upon arrival at the receiving unit, and contractor/RO certifies in writing that the TT/TW was sealed at the loading point.

4 If this method is being used, the RO at the receiving activity reserves the right to determine the quantity received in gallons at 60°F (or liters at 15°C) at any time and by any valid means available. If the difference between the quantity determined at the loading point and the quantity determined by the receiver exceeds 0.5 of the quantity determined at the loading point or if the difference is attributed to a source other than measurement techniques, the net quantity determined by the receiver will be the quantity received.

(d) In any case (option), the RO at the receiving activity may determine quantity at the receiving unit using calibrated scales or by calibrated meter on the receiving tank system.

c. Receiver shall inspect or verify the following (These procedures also apply to intermodal tank container shipments. See subsection E.3., below):

(1) TT/TW domes and outlets are properly sealed; seals do not show evidence of tampering and the numbers match the seal numbers on the shipping document.

(2) Product sample appears to be the product ordered and shown on the shipping document by visual examination. However, fuel may be tested for quality; such tests will be done locally unless quality of product is in doubt and complete testing capability is not available, the inspector shall then request outside assistance.

(3) Capacity markers show no evidence of tampering (which may indicate pilferage) and quantity shown on the shipping document does not exceed the volume capacity of the tank truck or car.

(4) Deliveries must be free of all water bottoms prior to discharge; the contractor is responsible for removal/disposal of the water.

2. Deliveries by Rail Tank Car

a. FOB Origin. As prescribed by DESC contract clause F1.09, product which requires delivery at the contractor refinery/terminal on an FOB origin basis, the quantity shall be determined (at the contractor's option) on the basis of:

(1) calibrated meter; or

(2) weight, using calibrated scales; or

(3) the certified capacity table for the rail tank car. The Government has the right to have a representative present to witness the measurement of quantity.

b. FOB Destination. Quantity of product supplied under FOB destination contracts shall be determined (at the Government's option) on the basis of:

(1) the certified capacity table of the rail tank car received; or

(2) weight, using calibrated scales; or

(3) calibrated meter. The contractor has the right to have a representative present to witness the delivery and measurement of quantity.

3. Deliveries by Intermodal Tank Container. For intermodal tank container shipments/receipts from a contractor, the net quantity shipped is determined by weight. Intermodal tank containers are sealed containers with domes and outlets that seal the same as a tank truck; therefore, prior to intermodal tank container receipts into shore tanks, the container shall be checked (see paragraph E.1.c., above).

4. Deliveries by Ocean Tanker, Barge, and Pipeline (PL)

a. FOB Origin. Quantity shall be determined (at the contractor's option) on the basis of: (1) shore tank/ shipping tank measurements, or (2) calibrated meter. A Government representative may be present to witness the measurement of quantity.

b. FOB Destination. Quantity shall be determined (at the Government's option) on the basis of receiving (shore) tank measurements or calibrated meter if facility is so equipped. A contractor representative may be present to witness the delivery/ measurement of quantity.

c. FOB Vessel by Tanker/Barge. For product deliveries of ships' bunkers, the quantity received will be determined (at the contractor's option) on the basis of: (1) origin shore tank measurements, or (2) by calibrated meter if contractor facility is so equipped. When the vessel is unable to receive any or all of the delivery, the contractor is required to immediately notify the DESC Contracting Officer of the circumstances and provide documentation to substantiate the quantity and location where excess product has been off-loaded. A Government representative may be present (in both cases) to witness the measurement of quantity and to verify off-load figures.

d. FOB Vessel by Pipeline. Product deliveries by PL or from contractor's marine service station where product is for vessel's use as distinguished from the vessel cargo, quantity shall be determined (at the contractor's option) on the basis of: (1) shore tank measurements, or (2) by calibrated meter if contractor facility is so equipped. A Government representative may be present to witness the measurement of quantity.

e. FOB Junction by Pipeline. Product deliveries FOB junction of contractor-owned or controlled PL and Government-owned or controlled pipeline, quantity shall be determined (at the Government's option) on the basis of: (1) calibrated meter; or (2) shipping tank measurements. Pipeline between shipping tank and FOB point shall be full at the time of tank

gauging. A contractor representative may be present to witness the delivery and measurement of quantity.

f. Alternate Methods. The quantity determination practice discussed in the paragraph E.5.e., may be disregarded, when:

(1) Government agreements or contracts with a PL company stipulate that quantity determination will be based on PL meters with appropriate correction for temperature or by temperature compensating meters.

(2) It is determined by DESC in coordination with the Military Services that product discharged by tankers and barges can be more accurately measured by the vessel gauges than by other means.

(3) The quantity shipped by pipeline is accepted by the receiving location as the receipt quantity (meter reading accepted).

#### F. DETERMINING ISSUE QUANTITIES AT DFSPs

1. Issues less than 3,500 gallons (13,250 liters) may be determined on an actual volume basis (gross quantity) without correction for temperature. Issues of product which have been artificially heated will be adjusted to quantity at 60°F, (or 15°C) regardless of amount. Locations in geographical areas where ambient temperatures are either constantly above or below 60°F (or 15°C) may elect and are authorized to adjust all measured volumes of Government-owned products to 60°F (or 15°C). When a decision is made to adjust measured volumes of Government-owned product to 60°F (or 15°C), DESC-F will be advised.

2. If temperature compensating meters are available, issues of 3,500 gallons (13,250 liters) or more will be determined with correction for temperature netted to 60°F (or 15°C).

3. For tank truck/car shipments, the quantity loaded will be measured by either: (1) meter, (2) gauging the conveyance, (3) certified markers (not applicable at Army units), or (4) weighing the conveyance before and after loading.

4. The tempo of terminal operations, size of issues, or restrictive pipeline alignment during simultaneous operations may cause tank gauging to be impractical. Therefore, local commanders may install meters for issuing product in small quantities and when one tank is feeding more than one customer simultaneously; operating procedures and training personnel are mandatory and will be in place concurrent with such cases. Meters are authorized for issuing DLA-owned product to customers via intermediary means, such as yard oilers (YO/YON) and barges. To ensure inventory accuracy, only approved and certified meters will be used and must be calibrated semiannually IAW API standards. DFSPs lacking the capability to calibrate and certify meters shall use the tank gauging method in measuring the quantity issued.

5. When meters are used to measure the quantity of fuel issued, enter one of the following "notes" on the shipping document:

a. "Note: Meters used to measure the quantity."

b. "Note: Temperature compensated meters used to measure the quantity."

#### G. MEASUREMENT AND TEMPERATURE CORRECTION (VOLUME CORRECTION)

1. Volume Correction. The procedures in appendix G will be used in determining volume at 60°F (or 15°C) unless contracts, tariffs, or similar agreements specify otherwise. Volume correction to gallons at 60°F or liters at 15°C) is required for:

a. All product volumes measured in storage tanks.

b. Chemicals, residual fuels, and lubricating oils measured in TT/TWs. For this purpose, residual fuels are products with a viscosity equal to or greater than a regular (not light) No. 4 Fuel Oil (ASTM D 396).

c. All other volumes of fuels and fuel oils in TT/TW in excess of 3,500 gallons (13,250 liters), unless not required per contract bulletins.

d. When using temperature compensating meters, input the API gravity (density at 15°C) into the meter; meter reading quantity will then be automatically adjusted to 60°F (15°C).

2. Measurement procedures. Tank gauging, calculations metric conversion, and other measurement procedures are discussed in appendix A of this volume.

3. Metric System. Federal Agencies are required to use metric to the extent economically feasible and practical. The existing DFAMS inventory system can not accommodate metric units. Until that system is modified or replaced it is not practical to report quantities in metric units. However, metric must be used where practical and economically feasible. All new and revised publications shall contain metric units. All new systems, equipment and measuring devices shall be capable of accommodating the metric system. In order to produce consistent results when converting quantities to customary units for entry into DFAMS, the standard conversion procedures provided in appendix A of this volume shall be used by the DoD fuel community.

#### H. SHIPPING AND RECEIPT DISCREPANCIES

##### 1. Quantity and Condition Discrepancies

a. Breach or infraction of any delivery conditions outlined in section E., above, notify the DER/DEO.

b. Quantity received differs from the quantity shipped by more than one-half of one percent (for any mode of shipment), see chapter 10, section D of this volume.

c. For product not received due to accident, spillage, etc., a zero quantity receipt will be processed. DESC-FII will provide assistance in resolving problems encountered processing DFAMS receipt transactions.

2. Quality Discrepancies. DFSPs shall report all quality discrepancies IAW joint DLAR 4155.24/AR 702-F/SECNAVINST 4855.5/AFR 74-6/ MCO 4855.5F, Product Quality Deficiency Report Program.

a. For FOB destination shipments. If product is found to be nonconforming to contractual requirements prior to acceptance, the product will be rejected. The receiving QR shall notify the origin QR, the DER/DEO responsible for the receipt location and DESC. DESC, in coordination with the DER/DEO, will advise action to be taken.

b. If prior to discharging tankers/barges, Government-owned product is found to fail intra-governmental receipt limit, the DER/DESC will be notified immediately. Reporting will be in accordance with chapter 7, section H., of this volume. DESC-BQ shall provide disposition instructions.

c. If after receipt, product is found to be off-specification the receiving QR shall promptly notify the origin QR responsible for the shipment, the DER/DEO responsible for the receipt location and DESC-BQ. Quality discrepancies found during the receipt inspection will be annotated on the shipping document and bill of lading. The receiving QR shall ensure an investigation is initiated. The off-specification product will be reported in accordance with chapter 7, section G., of this volume.

d. TTs, TCs, and intermodal tank containers received with apparent seal tampering (seals bent or numbers do not match the shipping document) or other reasons to suspect product may be contaminated, take the following actions:

(1) Do not unload product. Promptly notify the QAR and shipper or carrier agent; await QAR instructions (sample tests, etc.). Note the quality problem on the bill of lading and shipping document.

(2) If product is unacceptable, promptly notify the QAR by phone. If the quality problem cannot be fixed, the tank truck/car and intermodal tank container product will normally be returned to the refinery or DFSP. For DLA-owned stock, every effort will be made to transfer the product into isolated storage. Prior to rejection, however, approval will be obtained from the unit which issued the GBL or CBL.

(3) Initiate SF 361 - Transportation Discrepancy Report, or SF 368, Product Quality Deficiency Report, with exhibits attached (shipping documents, etc.). Mail SFs 361 to DERs/DEOs (for overseas, include SAPOs) who arranged the transportation. Mail the SFs 368 through command channels to DESC-BQ.

(4) Correct receipt transactions recorded in DFAMS, as required; ask DESC-FI for assistance if needed. Note, corrected transactions will generate automated billing adjustments in the subsequent billing cycle; if adjustments do not appear, notify DFAS-CO-SF of the problem. DFAS-CO-SF will research and resolve or reconcile the discrepancy and inform the activity of actions taken.

e. Rejected shipments from DFSPs: customer rejects/returns of product to DFSPs will be processed as follows:

(1) DD Form 1348-7 shipping document will be noted "Returned for Credit" with the reason why.

(2) The DFSP shall assign a new document number for the returned shipment and process a P39 transaction.

(3) The return for credit and issue will be processed in the month the transaction occurred. TDR on rejected shipment will be prepared by the customer in accordance with chapter 10, section J. of this volume.

#### I. ISSUES BY MSC-CONTROLLED TANKERS AT SEA

##### 1. Issues to Navy Fleet Oilers/Operational Ships

a. CONSOL (consolidated) - replenish fleet oilers at sea.

b. UNREP (underway replenishment) - refuel ships at sea.

c. Request. Supply officers (receiving ship) will request fuel from MSC tankers by verbal or DD Form 1149 requisition; when verbal, the "document number" of the DD Form 1149 will be included.

d. Quantity Transfer. Masters of MSC tankers will advise the receiving ship of the product/quantity discharged; quantity will be determined by ullage readings and product temperature and as mutually agreed upon by the two parties. Disagreements will be resolved by accepting MSC tanker ullage readings.

e. Discharge Report. MSC tankers will transmit an MSC 4020-4 discharge report IAW OPNAVINST 4020.22A and MSC instructions. Report is used by DESC-FI as the confirming document for DFAMS; it is used for billing data, automated cargo close-out actions, and resolving questions related to product accountability. Report will include:

(1) Quantity in barrels to two decimal places.

(2) Document number (from DD Form 1149) in remarks. Note, the document number is a key element in the supply transaction; it identifies the fleet oiler/ship by DoDAAC, records the requisition and receipt data for DFAMS inventory and billing transactions.

(3) Rendezvous awaiting time.

(4) Duration of discharge time.

(5) Remarks: Indicate that the CONSOL or UNREP is the final point of discharge (when applicable).

f. Product Returns. If product remains on MSC tankers upon return to a source point, DESC-FI will provide the loading QR and receivers of the next cargo with such data/accounting instructions.

g. Inventory Losses. Reports of excessive losses will be investigated as directed by DESC-FI. Losses resulting from split discharges will be reconciled by the receiver (ship, DFSP, or military installation) receiving the final discharge. If the UNREP ship is the final discharge point, the MSC 4020-4 report will indicate this in remarks.

h. Funding. Funding and reimbursement responsibility for MSC tanker activity is discussed in Chapter 6, section I of this volume.

2. Issues to Other Than U.S. Navy Ships. Supply procedures in section G.1., above, apply except for the DD Form 1149 data discussed in paragraph G.1.c., above. Masters of MSC tankers involved in such transactions will provide DESC-FI document number, supplemental address, and signal and fund code upon request.

3. MSC Tankers in Direct Support of U.S. Navy Fleet

a. SC tankers which operate on long-term assignment (excess of one voyage) in direct support of Navy Fleet Commanders are under the same procedures for USN fleet oilers. Product will be Navy-owned; related transportation costs will be funded by the U.S. Navy.

b. Floating storage DFSPs discussed in chapter 9, section D. of this volume.

c. Procedures for MSC tankers operating in direct fleet support roles (Charger Log IV - Scheduled UNREP) are as follows:

(1) Fleet commanders will submit requirements to DESC-BI within the timeframe in which support is required. Notify DESC-BI at least 20 days prior to the required support date.

(2) DESC shall provide product from contract sources by appropriate ordering office preparing DD Form 1155 or from DFSPs.

(3) COMSC will nominate tanker and position it to receive fuel being supplied by DESC.

(4) The provisions of subsection G.1., above, apply to tanker issues to U.S. Navy fleet oilers/ships.

(5) Funding and reimbursement responsibility for MSC tanker activity is discussed in chapter 6, section I. of this volume.

#### J. DoD AIRCRAFT REFUELING IDENTAPLATES

1. DD Form 1896, Jet Fuel Identaplate, and DD Form 1897, AVGAS Identaplate, are military aviation fuel cards used to purchase fuel/oil when transiting at another Military Service or commercial into-plane location. All DoD Components will assure that DoD aircraft, refueling at locations which result in inter-service billing, use DD Forms 1896 and 1897 for recording these transactions. The Military Services and Federal Agencies shall emboss identaplates; see volume V, appendices A33, A34, and A35 of this manual for instructions and data guidelines. Non-DoD Federal aircraft also carry DD Forms 1896/1897 which are used at DoD bases (sample of such identaplates is shown in volume V, appendix A36 of this manual). Identaplates may be used to record fuel issues on military documents.

2. Blank identaplates will be procured by the Military Services and Federal Agencies with the following specifications:

a. White for jet fuel; purple for aviation gasoline.

b. Standard A size (length 3 3/8 inches, width 2 1/8 inches, and thickness 0.025 inches).

#### K. AIRCRAFT REFUELING AT INTO-PLANE CONTRACT LOCATIONS

1. DESC shall furnish contractors with station plates for imprinters and AVFUELS Into-Plane Contract Sales Slips. Contractors are required to furnish

their own imprinters. In isolated cases, DESC may provide a contractor with an imprinter until the contractor can obtain his/her own.

2. At least one crew member will be present during servicing to ensure that refueling is done properly and to verify the quantity.

3. The pilot (or authorized representative) shall (a) ensure that charges for product are accurately recorded and (b) hand DD Form 1896 (white) or DD Form 1897 (purple) to the refueling operator for imprinting the sales data on DD Form 1898, AVFUELS Into-Plane Sales Slip. NOTE: Under no circumstances will a commercial oil company credit card be used to record credit or to imprint data on the DD Form 1898. See volume V, appendices A37 and A38 for authenticating instructions and completed sample of DD Form 1898.

#### L. AIRCRAFT REFUELING AT MILITARY BASES

1. The Military Services shall ensure that DoD identaplates are available on each aircraft for each refueling.

2. The Military Services will document inter-service aviation fuel sales on DD Form 1898. A copy of completed DD Form 1898 will be signed by an aircraft crew member to acknowledge receipt of product.

#### M. INTO-PLANE ISSUES AND DEFUEL TRANSACTIONS AT DFSPs

1. Single Transactions. Single into-plane issues and defuel transactions at DFSPs are documented and reported as follows:

a. Transactions are documented on DD Form 1898 as imprinted by the identaplate of the aircraft being serviced.

b. DFSPs will report a P2A for issues or a P2B for defuel transactions to DFAMS for each completed DD Form 1898 (see volume V, appendix B19 of this manual for P2A/P2B entry instructions).

2. Multiple Transactions. Issues and defuels may be summarized at GOGO/GOCO DFSPs, which regularly service locally based aircraft of their own Service such as Navy aircraft based at DFSPs Keflavik and Diego Garcia.

a. Daily Reports. Multiple same day issues and defuels to a single aircraft may be summarized daily on a single DI P2A/P2B. The total quantity reported on the P2A/P2B transaction must equal the sum of the respective DD Form 1898 quantities.

b. Weekly Reports. As of 0800 local time each Friday and on the last day of the month, DFSPs shall summarize DD Forms 1898 for each NSN and prepare a single DD Form 1348-7 for the total amount as a sale to a designated account (e.g., Navy). DFSPs shall report a shipment transaction (P21) for each consolidated DD Form 1348-7 (see volume V, appendix B14 of this manual for entry instructions). DFSP ROs shall enter the document number, SUPAAC, and signal/fund code data on the DFSP shipment transactions. A copy of each consolidated DD Form 1348-7 with associated DD Forms 1898 will be retained by the DFSP RO to document accountable records.

N. LOCAL ISSUES OF GROUND FUEL AT DFSPs. Such issues are documented on DD Form 1348-7 and reported as a DFSP shipment transaction (P21) using management indicator A (local sale) and mode of shipment code 9 (local issue). However, factors such as personnel strength, support method, issue volume and frequency, and location permit DFSPs to select the documentation method and reporting frequency that is most practical for their control. Such authorized documentation methods and reporting frequencies, as determined by SCPs, are as follows:

1. Each issue is documented and reported as a single transaction on DD Form 1348-7 (P21).

2. Several issues may be consolidated, documented, and reported as a single transaction, providing the following data is the same: NSN, document number, SUPADD, signal code, and fund code on DD Form 1348-7 (P21). DFSPs may consolidate such issues daily or weekly as of 0800 local time each Friday and on the last day of the month.

3. DFSPs that consolidate issues must use daily logs signed by drivers/plant managers which record each issue and delivery to the customer (vehicle, equipment, heating plant, generating plant, etc.). The logs will include product code, quantity, date, time, vehicle number, plant or site identification, etc.

4. Local units regularly supplied with DLA-owned ground fuel by DFSPs are required to apply for a DoDAAC; this will facilitate the requisition and direct billing (customers) process and avoid intraservice rebilling/accounting. See DoD 4000.25-6-M, DoDAAD.

5. Direct sales of DLA-owned fuel to non-appropriated funds and welfare recipients are not authorized. Guidance for sales of Military Service-owned fuel to such recipients are provided in chapter 10 this volume.

#### O. DEFENSE FUEL AUTOMATED MANAGEMENT SYSTEM (DFAMS) REPORTING

1. Supply transactions are reported in DFAMS by DERs/DEOs, DFSPs, and DICPs approved by DESC-O.

##### 2. Free-On-Board (FOB) Origin Contractor Shipments

a. CONUS. For tanker shipments, DESC shall input a P20 contractor shipment transaction upon receipt of DD Form 250-1. If DD Form 250-1 is not timely received for the P20 input, data may be obtained from sources such as the daily/weekly lift schedule, MSC 4020-3 Tanker Load Report, or by phone. Data received from such sources will be verified and the P20 corrected, if needed. For barge, tank truck, tank car, and pipeline shipments, the QAR who accepts the product will ensure that the DER/DEO is provided a copy of the signed DD Form 250/250-1. If the mailing time of the DD 250/250-1 exceeds 72 hours, mail the documents and promptly provide the following data via phone, FAX, or TWX/TELEX:

- (1) product code and National Stock Number
- (2) quantity shipped
- (3) date shipped
- (4) contract number
- (5) contract line item number
- (6) document number and SUPADD
- (7) date commenced loading/pumping
- (8) bill of lading number
- (9) delivery order number
- (10) final shipment indicator
- (11) mode of shipment

NOTE: DERs/DEOs will then input a P20 contractor shipment transaction. The DD Form 250/250-1 will be retained by the DER/DEO for audit purposes.

b. Overseas. Overseas DERs/DEOs shall report FOB contractor shipments in accordance with subsections O.1 and O.2 above.

## APPENDIX A -- VOLUME CALCULATIONS

A. GENERAL. This section describes recommended practices and procedures for volume calculations and corrections in the measurement of petroleum and its liquid products. The API Manual of Petroleum Measurement Standards should be consulted for measurement standards and techniques not discussed here.

### B. FUNDAMENTAL PROCEDURE

1. Five basic steps involved in determining standard bulk petroleum quantities are: (1) measure product volume and water bottoms by gauging or metering, (2) determine average temperature, (3) test for density (or API gravity), (4) test for water and sediment, and (5) volume calculations and corrections.

2. Steps 1 and 2 are necessary to obtain data on quantities actually measured in storage tanks and other containers or carriers. Steps 3 and 4 are required for obtaining essential factors and water and sediment levels necessary for volume corrections. Step 5 is the recommended practice to be used in calculating the net quantities at 60°F from the data obtained in steps 1 through 4.

### C. MEASUREMENT STANDARDS

#### 1. Density (or API Gravity)

a. The practices and procedures in ASTM D-1298 or ASTM D-4052 shall be used in determining density (or API gravity) unless contracts, tariffs, or similar agreements specify otherwise.

b. Use ASTM D-1250, table 53 (or table 5) to convert observed density (API gravity) to density 15°C (API gravity at 60°F). Increments used in the printed version of the tables for determining density at 15°C (API gravity at 60°F) are 0.25°C (0.5°F) and 2 kg/m<sup>3</sup> (0.5°API). Interpolation with temperature is not intended since there is no practical method of interpolation that will produce the accuracy obtainable from the computer version of the tables. However, interpolation with density (API gravity) can be reasonably made. Interpolation of the density (API gravity) is not necessary when the only use of the density (API gravity) measurement is as an entry into table 54 (table 6) in order to obtain a volume correction factor. In all other cases, interpolation is required.

2. Temperature of the product. Determine the product temperature in °C (or °F) at the time when gauging or metering occurs IAW ASTM D-1086.

3. Volume Correction. Except when weighting, gross quantities shall be measured and adjusted to 60°F using most recent edition of the ASTM D 1250/API 2540 /IP 200, tables 5 & 6 (tables 52, 53 and 54 where the metric system is used). The "B" designated tables will be used for all products except JP4 and crude oils which will use "A" designated tables and lubricating oils which will use "D" designated tables. When the metric system is used, divide liters at 15°C by 1000 to obtain cubic meters at 15°C; then use table 52 to convert cubic meters at 15°C to barrels at 60°F. Multiply barrels at 60°F by 42 to obtain U.S. gallons at 60°F.

4. Weighing. When weighing, use ASTM D-1250, Volume XI, table 8 to convert pounds to gallons at 60°F (or ASTM D-1250, Volume XIII, table 58 to convert metric tons to gallons at 60°F).

5. Gauging of tanks. Gauging and adjustments shall be IAW ASTM D 1085.

6. Meters. Procedures for calibrating (proving) meters and using meters are in the API Manual of Petroleum Measurement Standard Chapters 4 and 5. Temperature compensating meters will be calibrated IAW American Society of Mechanical Engineers and API Code No. 1101 -- Measurement of Petroleum Liquid

Hydrocarbons by Positive Displacement Meters and API Standard 2534 for turbine meters.

D. Calculations for Tank Gauging

1. Basic Calculations for Tank Gauging

a. Tanks scheduled to receive/issue product shall be gauged and checked for water bottoms before and after receipt/discharge (opening/closing gauge). (See subsection C.5., above).

b. Temperature and density of the product in the tank shall be determined for both opening and closing gauge (see subsections C.1. and C.2., above).

c. Quantity readings, less water bottoms, shall be separately adjusted to 60°F (15 °C) for all product receipts/issues (see C.5., above).

d. Quantity received shall be computed by subtracting the opening gauge quantity from the closing gauge quantity. Quantity issued shall be computed by subtracting the closing gauge quantity from the opening gauge quantity. For crude and residual fuel oils a deduction may be required for Sediment and Water (S&W) in order to obtain the quantity received. Report results to the nearest whole gallon or to the nearest hundredth of a barrel.

e. Example: The procedures above, including conversion of gallons to barrels, are illustrated below for measurements using the outage method and the B series tables for an issue from a tank.

Gauge	Opening Gauge	Closing Gauge
Reference depth	28' 8"	28' 8"
Outage: Total product/water ht		19' 10"
Tape reading	10' 4"	0' 3 1/8"
Bob reading	3' 3/4"	0' 3 1/8"
Outage gauge	0' 7 3/4"	20' 1 1/8"
Water outage	28' 5 3/4"	28' 5 3/4"
Temperature, °F		
Top	51	50
Mid	51	49
Bot	48	48
Average	50	49
Reference depth	28' 8"	28' 8"
Outage: Total product/water ht		19' 10"
Tape reading	10' 4"	0' 3 1/8"
Bob reading	3' 3/4"	0' 3 1/8"
Outage gauge	0' 7 3/4"	0' 1 1/8"
Water outage	28' 5 3/4"	28' 5 3/4"
Temperature, °F:		
Top	51	50
Mid	51	49
Bot	48	48
Average	50	49
Laboratory data:		
Gravity at 60°F		43.3
Suspended water & sediment		0.2

(NOTE: for a receipt, the opening and closing densities could differ)

Calculation: Measured quantity (qty):

Reference depth	28' 8"	28' 8"
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Minus outage gauge	10' 7 3/4"	20' 1 1/8"
Innage gauge	18' 1/4"	8' 6 7/8"
USG (from capacity table)	954,238	457,982
Free water:		
Reference depth	28' 8"	28' 8"
Minus outage gauge	28' 5 3/4"	28' 5 3/4"
Innage gauge	2 1/4"	2 1/4"
USG (from capacity table)	10,020	10,020
Measured qty less FW&S	944,218	447,962
Average temperature, °F	50	49
Volume correction factor:	1.0050	1.0055
(using ASTM D-1250 table 6B, rounding off to nearest 0.5° API)		
Delivered gross qty:		
Gross qty at 60°F	944,218	447,962
	x1.0050	x1.0055
or USG	948,939	450,426
Subtracting	-450,426	
Delivered gross qty @60°F	498,513	
For crude & residual fuel oils:		
Suspended S and W:		
From laboratory,		0.2
Minus allowable amount, Deductible,		0.0
Deductible qty, USG		997
Net qty delivered @ 60°F:		
USG (498,513 - 997)		497,516
Barrels calculated (497,516 divide by 42)		11,845.62

## 2. Calculations for Floating Roof Tanks

a. Under normal conditions the roof is in a floating position for both opening and closing gauges. Corrections for the weight of product displaced by the roof need not be made if all the conditions below are met, otherwise both opening and closing gauges must be corrected for roof displacement:

- (1) The density at 15°C (or API Gravity at 60°F) is unchanged between the opening and closing gauges, and
- (2) The roof remains in a floating position, and
- (3) The temperature of the product is the same at opening and closing gauge readings.

b. If the roof rests completely on its supports for both opening and closing gauges (volumes below critical zones), roof correction factors are not applicable because the tank is acting as a fixed roof tank, and no product displacement occurs.

c. If the roof rests completely on its supports for either the opening or closing gauge (volume below critical zone) and is floating for the other gauge, then a roof correction factor is applied to the gauge where the roof is floating but not to the gauge where the roof is resting on its supports.

d. If the roof is in a partial floating position (the critical zone) for any gauge, the quantity cannot be calculated. Either the roof must be floated using a measured quantity from another tank or, although it is not good operating practice for loss control, environmental or safety reasons,

product must be drawn away from the roof so that it rests completely on its supports.

e. Floating roof capacity tables indicate the method to be used to calculate the roof displacement quantity.

(1) Shell Capacity Tables. If the capacity table is prepared as a gross or open tank capacity, commonly known as a shell capacity table, the method below is used. This type of table will usually contain a notation similar to: "The quantities listed in this capacity table do not include adjustments to compensate for floating roof displacement." Calculate the quantity equivalent to the roof displacement as follows:

(a)  $Q = W$  divided by  $P$  (Where  $Q$  is gallons equivalent to the roof displacement;  $W$  is the weight for the floating roof in pounds.  $P$  is the pounds per gallon of product).

(b) The weight of the roof is stamped on the roof manhole plate and printed on the capacity table.

(c) Recommended procedure for calculating the quantity of product at 60°F when the floating roof is resting upon its supports at the opening gauge and floating for the closing gauge:

Weight of floating roof (from capacity table)		126,897
Product gravity at 80°F		32.5
Product gravity at 60°F (using ASTM D-1250, table 5B)		31.1

Pounds per USG at 60°F (using ASTM D-1250, table 8)		7.246
Roof displacement (126,897 divide by 7.246) USG @ 60°F		17,513
Quantity at 60°F:	Opening Gauge	Closing
Gauge		
Measured volume, USG	103,624	715,615
Product temperature (tank)	81	80
Volume Correction Factor (using ASTM D-1250, table 6B, rounding off to the nearest increment, 31.0° API)	0.9906	0.9910
Net USG @ 60°F (volume x factor)	102,650	709,174
Correction, roof displacement USG @ 60°F	None	-17,513
Correct net @ 60°F, USG/	102,650	691,661
Subtracting		-102,650
Received at 60°F, USG		589,011

(2) Roof as Deadwood. Do not correct for the condition outlined in the previous calculation if a quantity equivalent to the roof displacement has been subtracted from the capacity table as deadwood. However, since the roof displacement is calculated for a product of a definite API gravity, corrections must be made for products having different API gravities. Obtain the measured quantity directly from the capacity table, and apply the correction noted on the capacity table for the difference in API gravity. The total correction is the difference between the volumes displaced by the roof at the API gravity of the product and the API gravity for which the "deadwood" deduction on the capacity table was made. The correction is added for a product of lower API gravity and subtracted for one of higher gravity. Recommended procedure for calculating the net quantity of product at 60°F, for the case when the capacity table has been corrected for the roof displacement:

	Opening Gauge	Closing Gauge
Innage gauge	27' 2"	2' 1 1/2"
Water innage	0' 2"	0' 2 1/8"

Temperature, °F	81	80
API gravity @ 60°F	48.5	48.5
(using ASTM D-1250, table 5B)		
Observed gravity at tank temp	50.7	50.5
Measured qty barrels	51,043.00	3,730.26
Gravity variation from 47°F	3.70	3.50
Minus correction (3.7 x 3.56)	-13.17	None (roof at rest)
Corrected measured qty, bbls	51,029.83	3,730.26
Volume correction factor		0.9894
(using ASTM D-1250, table 5B, rounding off to the nearest 0.5° API increment)	0.9885	0.9890
Qty at 60°F	50,442.99	3,689.23
Calculated net	46,753.76	
Reported net	46,753.76	

3. Calculations for Variable Vapor Space Tanks. When the contents of variable vapor space tanks are gauged through the gauging pipe by the innage tape and bob procedure, correct the gauge for the tank pressure or vacuum as determined in inches from the manometer. The manometer is usually filled with a nonvolatile liquid having a specific gravity equal to or nearly equal to that of the product in the tank, in which case the manometer reading needs no correction. Deduct this reading from the innage gauge if the tank is under pressure or add it if under a vacuum. If the specific gravity of the manometer liquid and that of the product are not equal or nearly equal, correct the manometer reading by applying the following formula before deducting the reading from the gauge:

$C = R \times M$  divided by  $P$  where:

$C$  = corrected manometer reading in inches;  $R$  = manometer reading in inches;  $M$  = Sp gravity of manometer liquid at its atmospheric; and  $P$  = Sp gravity of product at its temperature.

4. Calculations for Conventional Tank Cars. The dome capacity in gallons per inch is shown on the tank car capacity table. If the gauge is reported as shell outage, obtain the measured quantity directly from the capacity table. If gauge is reported as dome innage, calculate the measured quantity by multiplying the dome capacity per inch by the dome innage and add the resultant quantity to the shell capacity. Calculate residue and free water quantities from the "bottom" range of the capacity table for the respective innage gauges because this section of the table has been corrected for deadwood." Recommended procedure for calculating tank car:

Temperature, °F	100
Dome innage, in.	10 1/4
Dome capacity per in. (gal)	11.53
Quantity in dome (11.53 x 10 1/4)	118
Shell capacity	10,088
Measured quantity (10,088 + 118)	10,206
Residue innage, in.	2 1/4
Residue qty, gal.	67
Measured qty at 100 corrected for residue (10,206 - 67)	10,139
API quantity @ 60°F	12
Volume correction factor	0.9853
Gross qty @ 60°F (10,139 x 0.9853)	9,990

Suspended water and sediment,	0.72
Deductible SW & S	None
Net qty @ 60°F	9,998

E. CALCULATIONS FOR METERS. When temperature compensating meters are used in determining quantity, the quantity will be determined by subtracting the beginning net meter reading from the ending net meter reading. To determine quantity received when non temperature correcting meters are used, subtract the beginning meter reading from the ending meter reading and adjust the resultant quantity to 60°F (or 15°C) using the average temperature and density of the product as it passed through the meter.

#### F. CALCULATION FOR CONVERTING PRODUCT WEIGHT TO VOLUME

1. The conveyance is weighted with and without product using calibrated scales. The difference in weight is the weight of the product.

2. The density (API Gravity) of the product in the vehicle is determined. Correct the observed density (API Gravity) to density at 15°C (60°F) if necessary.

3. Use the corrected density (API) and the latest edition of ASTM D 1250/API 2540/IP 200, table 58 (table 8) to determine the gallons at 60°F per metric tonne (gallons at 60°F per pound) for the product.

4. If the weight is in kilograms, divide by 1000 to convert it to metric tonnes. Then multiply metric tonnes by the factor from table 58 to obtain gallons at 60°F. If the weight is in pounds, multiply by the factor from the table to obtain gallon at 60°F.

#### G. CONVERTING METRIC TO CUSTOMARY UNITS

1. Liters at 15°C to Barrels and U.S. Gallons at 60°F. Obtain density at 15°C. Divide liters at 15°C by 1000 to obtain cubic meters at 15°C. Use ASTM D-1250/API 2540/IP 200, table 52 to convert cubic meters at 15°C to barrels at 60°F. Multiply barrels at 60°F by 42 to obtain U.S. gallons at 60°F.

2. Metric Tons to Barrels or U.S. Gallons at 60 Obtain density at 15°C. Use the most recent edition of ASTM D-1250/API 2540/IP 200, table 58 to convert metric tons to barrels or U.S. gallons at 60°F. In this case use the factors in the table to obtain both gallons and barrels. Multiplying barrels by 42 or dividing gallons by 42 may give different results.

3. Metric Tons to Long Tons. Multiply metric tons by 0.984206 (factor is from ASTM D-1250/API 2540/IP 200, table 1) to get long tons.

4. Liters at 15°C to Long Tons. Obtain density at 15°C. Divide liters at 15°C by 1000 to get cubic meters at 15°C. Use ASTM D-1250/API 2540/IP200, table 57 to convert cubic meters at 15°C to long tons.

#### H. VOLUME CORRECTION CALCULATIONS FOR FSII

1. Volume of all bulk shipments of FSII shall be corrected to volume at 60°F or 15°C IAW the following procedure:

a. Determine the observed volume and temperature (to the nearest 0.5°F or 0.25°C) using standard gauging procedure.

b. Subtract from the observed temperature of the product either 60°F or 15°C as appropriate.

c. For EGME, multiply the result by 0.00052 for degrees Fahrenheit or 0.00093 for degrees Celsius. For DIEGME, multiply the result by 0.00051 for degrees Fahrenheit or 0.00091 for degrees Celsius. Round the resultant number to four decimal places.

d. Add the figure obtained in step (3) to 1.000.

e. Divide the observed volume of FSII as determined in step (1) by the result of step (4). Round the number so obtained to the nearest gallon or liter.

2. When weight is used as the basis for quantity determination, the conversion factor corresponding to the observed specific gravity at 20°C/20°C shall be divided into the weight to determine the volume in gallons at 60°F (or in liters at 15°C):

Observed Specific Gravity	g/mL	kg/L	lb/gal	kg/gal
	at 20°C/20°C	at 15°C	at 60°F	at 60°F
For EGME:	0.963	0.966	8.057	3.654
	0.964	0.967	8.065	3.658
	0.965	0.968	8.073	3.662
	0.966	0.969	8.082	3.666
	0.967	0.970	8.090	3.670
For DiEGME:	1.021	1.024	8.539	3.873
	1.022	1.025	8.547	3.877
	1.023	1.026	8.556	3.881
	1.024	1.027	8.564	3.885
	1.025	1.028	8.572	3.888

## CHAPTER 6 -- TRANSPORTATION

### A. GENERAL

1. This chapter prescribes transportation procedures and assigns associated responsibilities to DESC, Defense Energy Regions, Military Services, Military Traffic Management Command (MTMC), and the Military Sealift Command (MSC).

2. DESC/DERs shall:

a. Provide bulk petroleum transportation services through arrangements with MTMC, MSC, and commercial carriers.

b. Exercise technical direction and assistance in traffic management to ensure safe and efficient distribution of bulk fuel.

3. Resupply procedures by ocean tankers, scheduling, etc. are discussed in chapter 4 of this volume. Procedures for resolving product losses and quantity discrepancies in transit are discussed in chapters 5 and 9 of this volume.

4. Functions delegated to DESC by MTMC in CONUS are as follows:

a. Determining the most efficient method of transportation.

b. Distribution of traffic among various competing carriers.

c. Authority to suspend carriers for unsatisfactory service.

### B. RATES AND ROUTES (CONUS)

1. Rates and Routes. Rates and routes used in transporting bulk petroleum products, except for ocean tankers, will be obtained from Military Traffic Management Command-Eastern Area (MTMCEA) IAW DoD 4500.9-R (see reference index).

2. Rate Tenders. Rate tenders offered by carriers to DoD units will be mailed to the Military Traffic Management Command Eastern Area (MTMCEA) for action IAW the Defense Traffic Management Regulation indicated above. If carrier business, type, style, circumstances, etc. indicate need for negotiation, requirements for such negotiation will be referred to MTMCEA with all relative data in support of the action.

3. Routing Data

a. MTMCEA will provide CONUS DERs/DEOs routing data for shipment of bulk petroleum products as standing route orders or domestic route orders. In developing routing data, DERs/DEOs shall take into account DFSPs receiving capabilities and constraints to avert detention or demurrage charges. The DERs/DEOs shall evaluate delivery patterns to determine prospective candidates for guaranteed traffic. If the DER/DEO determines the routing would benefit from guaranteed traffic, nominations will be forwarded to MTMC (MT-OPT) for solicitation. MTMC shall evaluate respondents to the solicitation from the carrier industry. Successful bidders shall be required to perform in accordance with the conditions set forth in the solicitation.

b. DESC shall coordinate the possibility of adjusting or increasing receiving capabilities with the Military Services to lower overall costs; and will provide an economic analysis if feasible.

c. MTMCEA shall provide routes and rates between origin and destination for bulk shipments. MTMC area commands shall provide CONUS DERs/DEOs standing or domestic route orders for shipments of drummed fuel. CONUS DERs/DEOs shall provide routing instructions to shippers such as oil refineries, GOGO/GOCO/COCO DFSPs and pipelines, and shipments between base-level DFSPs. Shippers shall coordinate the transportation schedule (e.g., tank truck) for loading/shipping the fuel and shipping schedules with the receiving DFSP. Military activities will schedule delivery orders with the supplier IAW the SIOATH instructions issued by the CONUS DERs/DEOs.

d. CONUS DERs/DEOs shall issue routing instructions (DESC Form 19.16) to the shippers for each mode of transportation by grade of fuel. Routing instructions shall be IAW the route order issued by MTMCEA and shall also include the percentage of the volume to be moved by each carrier. CONUS DERs/DEOs shall retain one copy of DESC Form 19.16 and distribute other copies (one each) as follows:

- (1) Carrier.
- (2) DESC-BI.
- (3) MTMCEA/MTE-INF-S.
- (4) Shipping terminal.
- (5) Alternate emergency relocation DER/DEO.
- (6) Home office of shipper if different than terminal.

e. When base-level DFSPs supply each other (as discussed in chapter 4, section H., of this volume), CONUS DERs/DEOs, in coordination with MTMCEA, shall provide the transportation office of shipping bases with routing instructions. Government Bills of Lading (GBLs) will be provided IAW section C., below. Shipping bases shall schedule transportation equipment for loading bulk fuel.

f. Requests for a specific mode of transportation and reporting conditions which will result in other than lowest overall costs are as follows:

(1) Pre-Contract. Transportation modes and limitations are reported in the Bulk Petroleum Receipt and Shipment Capability Report, RCS: DD-P&L(A)506. DFSP receiving capabilities and limitations are considered by DESC during contract negotiations to ensure shipping modes are consistent with its receiving facility.

(2) Post Contract. Subsequent to contract awards, Military Services shall substantiate requests for restrictive modes of shipments if such requests exceed the lowest overall shipping costs. Military Services may be required to reimburse DESC for increased transportation costs.

### C. BILLS OF LADING (CONUS/Alaska)

1. SF 1103, Government Bill of Lading (GBL). GBLs are used to ship Government-owned product. DERs/DEOs shall provide GBLs to shippers (product contractors/DFSPs) in numbers appropriate to their workload. GBLs are printed with serial numbers assigned by General Services Administration (GSA) and are controlled/accountable documents. CONUS DERs/DEOs shall furnish shippers with GBL forms. The shipper shall prepare GBLs for free on board (FOB) origin shipments based on shipping and distribution instructions provided by CONUS DERs/DEOs. CONUS DERs/DEOs shall provide GBLs for military "base to base" shipments IAW chapter 4, section H., of this volume.

2. Commercial Bill of Lading (CBL). When GBLs are not available and shipment is urgent, CONUS DERs/DEOs shall instruct the shipper to use a CBL and to annotate the CBL as follows: "To be converted to GBL by DER- as instructed by authority of (name/title of the DERs/DEOs point of contact/phone number) per phone conversation (indicate date)."

3. Payment of GBLs. The following DoD agency pays transportation charges on DESC issued GBLs; GBLs issued by DESC will indicate this title/address in the "charges to be billed to" block:  
Director DFAS Indianapolis Center ATTN: DFAS-IN-T Indianapolis, IN 46249-0611

4. Distribution of GBLs. Shippers distribute GBLs as follows:

- a. Original plus one (1) copy (SF 1103 and SF 1104) to the carrier.
- b. Three (3) copies (SF 1103-A) to the DER/DEO issuing routing instructions, who in turn will:
  - (1) Issue one (1) copy to the appropriate MTMC Area Command.
  - (2) Retain two (2) copies in the DER/DEO's file.

- c. One (1) copy (SF 1103-B) to the consignee:
  - (1) Rail/pipeline shipments - mailed on day of shipment.
  - (2) Truck/barge shipments - may be sent with truck driver or barge master; or by mail if requested by consignee.
- d. Copy 7 retained by the shipper.
- 5. DFAMS. CONUS DERs/DEOs shall input P51 (GBL) transactions to the DFAMS central data bank.

#### D. DEMURRAGE/DETENTION

1. MSC Controlled Vessels (Worldwide). MSC operates and bills cargo sponsors on the basis of the daily per diem rates. Demurrage claims submitted by carriers providing services on a spot or short-term charter basis are processed and paid by MSC. Sponsors (DESC/others) may initiate claims against contractors and non-DoD agencies causing vessel loading/discharge delays in excess of allowed vessel laytime.

2. Tank Trucks, Tank Cars, Inland and Coastal Tankers/Barge (Worldwide). DESC shall fund and pay detention/demurrage charges incurred by carriers in connection with loading/discharge operations at FOB origin contract sources and facilities storing DESC-owned fuel (unless such detention/demurrage results from lack of timely attention or other reasons attributed to the Military Services). Claims will be forwarded by the carrier to the DER/DEO responsible for the issue of the GBL/freight warrant for transportation of the corresponding load/discharge. The DER/DEO shall review the claim for compliance with the carriage terms and prepare the appropriate certification that will allow the carrier to be paid for incurred detention/demurrage. The DER/DEO shall advise DESC-BI of detention/demurrage incidents arising out of delays caused by product and/or storage contractors, non-DoD/military activities where lack of action contributes to the detention/demurrage for possible claims action. The carrier's detention charges arising out of FOB destination delivery product contracts will be forwarded to the appropriate Contracting Officer for payment.

#### E. LOADING AND RECEIVING CAPABILITIES

1. Military Locations. CONUS and Overseas DFSPs shall report shipping and receiving capabilities IAW volume V, appendix A41 of this manual.

##### 2. Contractor Locations (Suppliers) in CONUS

a. DD Form 2691, Contractor Bulk Liquid Facilities Report, (volume V, appendix A39 of this manual) will be used to obtain loading capabilities from contractor shipping points (refinery or terminal). Contractors are required to complete and submit the form with their offers to DESC-BZ. The form shall be updated by the contractors as changes occur in shipment capabilities throughout the remainder of the contract period. (OMB No. 0704-0245 applies.) DESC-BZ shall distribute DD Form 2691 for successful product contracts immediately following award. Distribution will include the DER/DEO in which ordering authority is passed.

b. The DESC Contracting Officer shall enter the following in the as-of-date-block of the DD Form 2691: "contract expires (date)."

c. Copies of DD Form 2691 are distributed by DESC-BZ; the original form is filed in DESC-BZ and one copy each is distributed to DESC-BID and the appropriate CONUS DER/DEOs at the time copies of the contract awards are made.

#### F. PIPELINES

1. General. The following defines the relationship between DESC and the Military Services relative to establishing pipeline services for delivering bulk fuel to base-level DFSPs. Bulk fuel requirements and locations will be analyzed by DESC to determine the most economical transportation mode. The means of transportation selected shall be that which fulfills DoD requirements at the lowest overall cost from origin to final destination. Base-level DFSPs shall be serviced by:

- a. Connections to existing pipeline.
- b. Connection between DFSPs (intermediate to base-level).
- c. Construction of new service.

2. Military Services Coordination

a. Where it appears advantageous to the Government to consider pipeline service to deliver fuel, DESC shall discuss the proposed pipeline service with the military activities/commands involved. Upon concurrence, DESC shall require the following data from the Military Services:

(1) Projected requirements for the next 5 years and, if possible, projected use for the military base.

(2) BPWRS required outside the base boundary and the daily delivery quantities required.

(3) A guarantee that easement rights from the installation boundary to the base storage will be granted to the successful bidder, appropriately coordinated with state, Federal, and local authorities.

b. DESC shall maintain a listing of carriers interested in pipeline connections and, through MTMC, shall solicit carriers providing all pertinent data to obtain a competitive price for this service.

c. If the military activity and prospective carriers are unable to agree on easement rights onto the base, DESC shall attempt to negotiate an acceptable solution to the problem.

d. All related phases of pipeline connection relative to supply, storage, and quality control will be coordinated by DESC with the military base and its major command.

e. DESC shall provide guidance to the military activity relative to pipeline proposals and associated service.

f. Bases having pipeline receipt capability shall retain and maintain sufficient additional receiving facilities to ensure continuity of supply in the event of interruptions in pipeline service.

3. Pipeline (PL) Negotiations. PL negotiations will be conducted IAW the latest MOU between MTMC and DESC. The MOU provides guidance to negotiate with carriers for contracts, tenders, and tariffs in obtaining carrier facilities, rate agreements, rules, regulations, and services. Negotiations with carriers will include three separate cost elements: (1) transportation, (2) storage, and (3) associated services such as quality surveillance testing, truck or rail loading, and additive injection; Generally, pipeline transportation and breakout storage will be inclusive in a single rate while services such as truck, rail or loading and additive injection will be negotiated with separate and distinct rates. MTMC and DESC shall coordinate requirements for new or additional services as well as changes to existing services.

4. Pipeline (PL) Operating Agreements

a. DESC-BI shall provide DERs/DEOs with a standard PL operating agreement format and guidelines to negotiate transportation and accounting services, and quality control procedures. The quality control procedures will ensure that all necessary precautions and tests are taken in delivering quality product to the user.

b. To the extent pipeline carriers will cooperate, DERs/DEOs shall develop, negotiate, and maintain PL operating agreements with pipeline carriers in providing movement of DLA-owned products. Annually, DERs/DEOs shall review such agreements to ensure terms/services remain valid. In

instances where a pipeline carrier refuses to negotiate a pipeline agreement, the appropriate DER/DEO shall review the company's tender/ tariff and other company rules and regulations for movement of fuel within their system to assess the risk of DESC doing business with the company. The DER/DEO shall forward a recommendation to DESC for consideration and possible waiver of the pipeline operating agreement requirement.

5. Funding and Operating Procedures. Reference chapter 8 of this volume for funding and operating procedures for overseas commercial pipelines and CONUS/overseas Government-owned pipelines.

## G. BARGE SHIPMENTS

### 1. CONUS

a. CONUS DERs/DEOs shall request rating and routing of all commercial barge shipments via coastal, inland, or intercoastal waterways from MTMCEA. Shipments will generally be 2,100,000 gallons (50,000 barrels/7,950 cubic meters) or less.

b. Oceangoing barges with a capacity of 2,100,000 gallons (50,000 barrels/7,950 cubic meters) or more will be arranged by MSC when DESC tanker scheduling requirement exceeds the MSC-controlled fleet capability and oceangoing barge carriers successfully offer against a MSC solicitation.

### 2. Overseas

a. CINC-JPOs shall designate an in-country U.S. military unit in each country or island to handle bulk petroleum shipments via military barge and the following types of commercial barge shipments:

(1) Shipments via inland waterways.

(2) Shipments between terminals within a port area not suitable for movement on available MSC controlled vessel fleet.

b. The CINC-JPO designated military unit must request and receive from DESC funding via an OA prior to such movement.

c. DESC shall arrange through MSC for all commercial barge shipments of DLA-owned fuel:

(1) From one port area to another (ocean transportation).

(2) Between MSC-controlled tankers and shore facilities, and vice versa (upon mutual agreement between DESC and MSC that this is the appropriate method of loading or discharging fuel).

d. MSC and military units designated by CINC-JPOs consistent with paragraphs G.2.a. and G.2.b., above, shall not enter into competition or engage in duplication of services. MSC and designated military units, by mutual agreement, shall designate one or the other to contract for and perform the functions indicated in paragraphs G.2.a. and G.2.b., above.

H. GBL SHIPMENT REJECTIONS (CONUS). When GBL shipments are rejected or cannot be unloaded, the consignee shall notify the appropriate DER/DEO for instructions. The DER/DEO, and the QAR if required, shall determine the course of action to be taken and will so advise the consignee.

I. SAFETY. DFSPs which stock, ship, and receive petroleum products shall comply with Federal, State, and local regulations governing the handling of hazardous materials; and comply with guidance in DLAR 4500.3, chapter 33 (see reference index).

## J. INLAND TRANSPORTATION OVERSEAS

1. Responsibility. Transportation of bulk petroleum products within overseas theaters will be provided by the agency designated by the CINC-JPOs IAW DoD Directive 4500.9. Inland transportation services for DLA-owned fuel

to area DFSPs and base-level DFSPs shall be provided by such designated agency.

## 2. Funding

a. Requirements. Overseas commands shall submit estimated annual requirements to DESC to support obligation of transportation expenditures. Each command is required to submit the following information when providing transportation requirements: Origin/destination (by DoDAAC), NSN, quantity, mode and charges (U.S. dollars). DESC-F shall determine and submit quarterly transportation requirements, for transportation of DLA-owned product, to DESC-R for funding. Requirements will include service charges assessed to the Military Services by foreign governments under "government-to-government" agreements for which DLA/DFAS/DESC has payment responsibility.

b. Responsibility. DESC shall pay for commercial transportation charges when DLA-bulk fuel is shipped via commercial carrier on a GBL. Freight warrants or other similar shipping documents may be used when the commercial operator is a foreign government, except those shipments described in subsection L.2., below. DESC fund citation will be provided to the agency charged with transportation responsibility of DLA-owned product. Activities will fax a copy of each issued GBL/freight warrant to DESC-B on a weekly basis. The issuing documents will be batched and faxed under a cover page identifying charges (U.S. dollars) and the total number of GBL/ freight warrants being forwarded. The fax will be forwarded on Monday following the week being reported.

3. Demurrage. Demurrage claims associated with DESC-funded shipments of bulk fuel will be processed IAW Military Service directives. Note: Demurrage charges shall not be funded with funds provided on DLA Form 1281, Advice of Obligation Authority, by DFAS-CO/DESC-RBF for overseas transportation costs.

## K. MILITARY SEALIFT COMMAND (MSC)

### 1. Tanker Requirements Forecast

a. Annual - Five-Year Report. DESC reports long-range forecasts of bulk fuel lift requirements to MSC via Tanker Transportation Requirements Report, RCS: DLA(AR)194(DESC). The annual forecast is required approximately 5 months prior to the beginning of the fiscal year lift period. The annual forecast will be updated whenever significant changes in the distribution pattern occur. A 5-year forecast is required 1 month after the annual forecast is reported.

b. Developing Forecasts. DESC correlates projected product requirements with future procurements to determine: (1) requirements that will likely require MSC tanker delivery and (2) the most probable source areas of procurement in each case.

c. Military Services Data Input. The Military Services shall report projected per diem vessel requirements for a given period to DESC-B. See volume V, appendix A40 of this manual for reporting format and data instructions.

2. Slating Product. Slated bulk fuel requirements for ocean tanker deliveries are submitted to DESC-B via the CONUS/Overseas Bulk Fuel Slates (see chapter 4, section J., of this volume). Cargo and vessel schedules are developed/coordinated by DESC and MSC; logistic units are notified of cargoes, arrivals, and departures.

3. Funding. Units who prepare slates or requirements for MSC shipments shall indicate (by footnote) who has funding responsibility for cargo or partial cargo that will be owned by other than DESC. This data is used to ensure proper entry in the DESC lift report to MSC and subsequent billing breakout by MSC.

4. Deadfreight. DESC and the Military Services may accept deadfreight for operational necessity. DESC funds deadfreight if: (a) MSC tanker nominations for slated cargo are accepted by DESC or the Military Service; nominations will include the tanker cargo capacity and (b) after acceptance of the tanker for full cargo, DESC or Services reduce the quantity or the supplier fails to fulfill the cargo order which results in deadfreight expense.

5. Billing Data. MSC shall report billing data to DESC and Military Services for transportation on a per diem basis. DESC shall validate MSC bills for accuracy and cargo funding responsibility.

#### L. FUNDING TRANSPORTATION COSTS

1. DESC shall fund:

- a. Shipments from industry to DFSPs (inter-mediate or base-level).
- b. Shipments between DFSPs.
- c. Shipping and related charges assessed by common carriers. See section D., above, for demurrage/detention policy. Costs that are not chargeable to FSC by carriers, such as use of Government switch engines will be funded by the Military Services.
- d. Transportation costs for less than truckload shipments when the receiver has insufficient storage or other valid reasons that preclude receipt of full truckloads.
- e. Transportation costs for commercial shipment of fuels and lube oils via tank truck or barge to Navy/authorized vessels at dockside or at anchor adjacent thereto. Vessels failing to off load the total quantity ordered will direct the carrier to return product remaining in the truck or barge to the shipping terminal or other locations designated by the appropriate DER/DEO. GBLs will be issued to support return transportation costs; such costs will be charged to the requesting unit or vessel account. NOTE: See paragraph L.2.b., below, for funding responsibility for returned fuel (fuel ordered but not received by a Military Service Activity).

2. Military Services shall fund:

- a. Underway replenishment (UNREP) shipments.
- b. Any fuel ordered but not received for any reason not caused by DESC or the carrier.

#### M. UNDERWAY REPLENISHMENT (UNREP)

1. UNREP represents fleet oilers or MSC-controlled tankers refueling ship bunkers at sea.
2. Funding. Fleet or Type Commands fund transportation costs.

#### N. IN-PORT REPLENISHMENT (INREP)

1. INREP represents MSC-controlled tankers refueling APF ship bunkers (Maritime Prepositioned Ships (MPS) and PREPO tankers) in port.
2. Funding: (a) MSC tankers supplying bunker fuel to MPS vessels are funded by MSC and reimbursed by Military Service components; (b) DESC shall fund/ reimburse MSC for PREPO bunker requirements.

#### O. CONSOLIDATED CARGO (CONSOL)

1. CONSOL represents MSC-controlled tankers supplying cargo fuel to fleet oilers at sea. There are three categories of CONSOLs:
  - a. CHARGER LOG IV - is an opportune CONSOL whereby fleet oilers rendezvous with an MSC-controlled tanker along the tanker's prearranged routing (load port to designated discharge ports) for refueling at sea.

Opportune means the cargo (type of product and quantity) was not scheduled by the Navy but, circumstances are such that the fleet oiler has an opportunity to use the MSC tanker; in such cases, transfer of the contracted or DLA-owned fuel must be prearranged/approved by DESC-BI. If CHARGER LOG IV is not prearranged/approved and the circumstance justify, an emergency CONSOL action may be initiated to fill the requirement (see below).

b. Scheduled CONSOL - is a scheduled replenishment at sea where all or part of the MSC tanker load is on board to support U.S. Navy requirements. Usually, fleet units load out at land based DFSPs. Delivery of the fuel directly to the fleet saves the cost of fleet oilers making round trips to DFSPs and may save the cost of resupplying DFSPs drawn down by Navy oilers. Scheduled CONSOLs shall be requested through DESC-B at least 20 days in advance of the CONSOL date.

c. Emergency CONSOL - represents a requirement certified by the Navy to be a bona fide emergency which cannot be supplied in any other manner. Emergency CONSOLs may be scheduled with DESC, provided they are approved by the Navy Petroleum Office, Ft. Belvoir, VA.

2. Vessel Daily Cost - is the per diem rate for the vessel as published by MSC that is in effect at the end of the CONSOL.

3. Cargo Cycle - term used for billing transportation costs; it is calculated from vessel arrival at first load port of cargo in question to vessel arrival at first load port of the subsequent cargo.

4. On-Station-Time - is calculated from the time the MSC-controlled tanker arrives at the CONSOL location until the time it is released by the fleet.

5. Funding. DESC shall fund and reimburse MSC for all or part of transportation costs in CONSOL refueling at sea as follows:

a. CHARGER LOG IV. Tanker diversions of less than 24 hours will be paid for by DESC. If the tanker is diverted for longer than 24 hours, the Navy shall be charged at the vessel per diem rate for the entire time (including the 24 hours) the tanker is diverted. The number of days the tanker is diverted is defined as the difference between actual tanker transit time from the last load port to the first port of discharge (includes time-on-station performing the CHARGER LOG IV) minus the normal transit time between the last load port and the first discharge port.

b. Scheduled CONSOL. In theory, CONSOLs save costs for both DESC and the Navy; therefore, where the CONSOL tanker is on station for 72 hours or less, each agency shall absorb half the cost of the complete CONSOL cargo cycle. The number of days in the cargo cycle will be calculated IAW subsection 0.3., above. DESC shall pay full per diem for half the number of days and the Navy shall pay full per diem for the other half. Additionally, if the CONSOL tanker is required to remain on station for more than 72 hours, each day of additional tanker per diem will be paid by the Navy.

c. PREPO DFSPs (used as CONSOLs). Using PREPO tanker to deliver Navy CONSOL requirements allows CONSOLs to be conducted without disrupting other tanker cargo operations; thus, DESC shall pay the OSD APF per diem rate and the Navy shall pay all charges over the APF per diem rate when PREPO tankers are used for this purpose. Using PREPO tankers for CONSOL duties shall be coordinated with the appropriate CINC-JPO and DESC-B.

d. Emergency CONSOL. DESC funds transportation costs.

e. All request for CONSOLs must include appropriate funding documentation. Copies will be sent to COMSC and DESC-BID prior to scheduled CONSOL date. Cost estimates can be obtained prior to CONSOL from DESC-OII.



## CHAPTER 7 -- QUALITY SURVEILLANCE (QS)

A. GENERAL. This chapter provides QS guidance for bulk petroleum products; objective is to maintain the best quality fuel for the end user (aircraft, vehicle, etc.).

### B. QUALITY SURVEILLANCE (QS) PROGRAM

1. QS Publications. Publications which regulate QS procedures for bulk petroleum products/services are MIL-HDBK-200 (see reference index) and military technical manuals. MIL-HDBK-200 is developed by DESC-Q in coordination with the Military Services. QS functions and procedures are cited in MIL-HDBK-200. DESC-Q shall be the central source for QS guidance in the Defense Department.

#### 2. Quality Representative (QR) Assignments

a. QRs will be assigned DFSPs (terminal and pipeline-depot operations) storing/handling Government-owned product (see volume V, appendix A57 of this manual) to manage the petroleum quality surveillance program and monitor its functions. At contractor-operated DFSPs, the QR may be either a resident or itinerant QR.

b. To avoid duplicate effort, QRs shall perform property administration functions in conjunction with QS functions unless it can be demonstrated economically disadvantageous or administratively impractical.

#### 3. Contractor Operated DFSPs

a. Government QRs assure that contractors comply with the contractual requirements in storing and handling Government-owned petroleum products and related services. QRs shall not enter into informal agreements with the contractor which may compromise the contract or operating agreement, nor accept voluntary services for the Government without approval of the Contracting Officer.

b. Contracts relating to receipt and storage of products procured for Government use require the contractor to provide laboratory and testing services or commercial laboratory services. If the contractor provides the lab but is not required to perform the testing services, QRs may be directed to perform the tests needed to assure the quality of Government products at that location.

#### 4. Reporting Product Quality Deficiencies

a. Base-level DFSPs shall notify the military technical office (see chapter 3, section F. of this volume) and the DER/DEO of fuel quality problems promptly by phone in all cases. Military technical offices shall promptly report such problems to DESC-Q by phone and coordinate corrective action with the base DFSP and DESC-Q. In all cases, base-level DFSPs shall initiate investigative action and report the problem IAW the joint Product Quality Deficiency Report Program - DLAR 4155.24/AR 702-7/SECNAVINST 4855.5/AFR 74-6/MCO 4855.5F and MIL-HDBK-200; and provide copies of the report/documents to the military technical office, DER/DEO, and DESC-Q.

b. Military technical quality offices (chapter 3, section F., of this volume) shall serve as the military central point of documentation to assure corrective action precludes recurrence and is done at the least cost to DoD. Fuel quality deficiencies and problems are documented and reported for trend analysis to preclude recurrence and to fix systemic problems. Corrective actions ensure mission capability and readiness.

### C. QUALITY SURVEILLANCE (QS) RESPONSIBILITIES

1. Joint Petroleum Office (JPO). JPOs shall maintain over-sight of matters, records, and reports pertinent to the quality of fuel.

2. Defense Energy Support Center. DESC shall establish and maintain a QS program for DLA-owned product in its custody as follows:

a. At GOCO and COCO DFSPs under DESC contracts and NATO-operated storage facilities. When QS and property administration responsibility are delegated to another agency or military unit, DESC contracts will indicate such organization.

b. Discharging and loading of MSC-controlled tankers at foreign Government-operated storage facilities.

c. When quality surveillance has been assumed by DESC through an ISA with the Military Services or through MOUs between the Military Services and foreign governments. NOTE: DESC will provide qualitative and quantitative data in response to the needs of JPOs or Military Services in fulfilling their respective area management responsibilities (slating, product rotation, inventory reporting, etc.).

d. Assess procedures used to receive and maintain the quality of DLA-owned product stored at military facilities, after prior notification to the military activity.

3. Military Services. The Military Services shall establish and maintain a QS program for DLA-owned product in their custody as follows:

a. At military-owned and military-operated fuel facilities.

b. At contractor-operated fuel facilities under U.S. military contracts.

c. At foreign government fuel facilities (excluding discharging and loading covered by DLA in paragraph C.2.b., above) under U.S. Military Service/ Government MOU or country-to-country agreement.

d. Discharging and loading of MSC-controlled tankers at U.S. Government terminals operated by foreign governments under bilateral agreements or NATO terminals operated with U.S. military personnel.

e. At commercial and U.S. Government fuel facilities operated under DESC contracts where the petroleum QS function is delegated to a military unit by DESC (consistent with ISA guidance in paragraph C.3.f., below). Upon request, military units will provide DESC-Q with quality data to determine product suitability in meeting special requirements. Dormant tanks will be managed and reported IAW section F., below.

f. Interservice Support Agreement (ISA). In the interest of protecting Government-owned product at minimum cost, ISAs shall be used to obtain QS support. Such agreements shall be secured whenever it is determined to be the most practical and efficient way of providing QS for DLA-owned product at contractor, foreign government, or NATO DFSPs. ISAs for QS functions shall be initiated/executed at the lowest practicable command level. DoD Directive 4000.19 and DoD 4000.19-R (see reference index) shall be used for formal guidance and detailed instructions.

#### D. MINIMUM SAMPLING AND TESTING REQUIREMENTS

1. MIL-HDBK-200 (see reference index) provides basic guidelines for the "where/when" samples of petroleum products are to be obtained and the type of test to be performed. It also provides the product characteristics to be determined for each type of test by product.

2. Dormant stocks will be sampled IAW the frequency specified by MIL-HDBK-200; see definition of dormant stocks in subsection F.2, below.

#### E. FUEL LABORATORIES

1. Military Services shall:

a. Maintain military fuel laboratories and provide associated services where practical and cost efficient.

b. Perform base-level QS (military quality control measures which requires limited base-level tests to evaluate the cleanliness of the fuel and fuel-handling systems for operational use); such efforts are not a substitute for area fuel laboratory requirements.

c. Fund the costs of base-level quality surveillance.

2. DESC shall:

a. Maintain DESC fuel laboratories and provide associated services where practical and cost efficient

b. When fee for service becomes effective, reimburse the Military Services for providing testing services of DLA-owned products (supplied by DESC) at service fuel laboratories; such laboratories will perform testing services IAW procedures/criteria prescribed in MIL-HDBK-200 (see reference index) on a timely basis.

c. Fund the costs of testing DLA-owned product (supplied by DESC) at commercial laboratories.

d. Designate laboratories for testing DLA-owned product (military or commercial locations) whichever are more practical and cost efficient (perform well and economically) for DoD.

F. STOCK ROTATION PROGRAM

1. General Policy. Bulk petroleum stock must be rotated on a first-in first-out basis. Quality, however, must be the overriding concern. Stocks showing signs of aging or deterioration must be rotated first, regardless of time in storage.

2. Dormant Stock Policy. Rotation of DLA-owned dormant stocks (due to insufficient consumption throughput or infrequent receipts at DFSPs) is governed by the following policy:

a. Dormant stocks are defined as storage tanks which have not received fuel from an outside source for the past 6 months.

b. The foremost principle of the "dormant stock policy" is that decisions to rotate should be based on quality data. Instructions for frequency of testing and reporting of quality data are prescribed in MIL-HDBK- 200 (see reference index).

c. Rotation timetable will be used for budgetary and planning purposes in forming rotation plans. The timetable provides probable shelf lives of major fuel categories and sets the maximum outyears within which dormant fuel should be scheduled for rotation:

(1) Fuel oils #1 and #2 ..... every 2 years.

(2) Diesel fuel and gasoline ..... every 3 years.

(3) Jet fuel and residuals ..... every 5 years.

d. Stock rotation plans will be submitted annually through JPOs (DER-E in EUCOM) and DERs/DEOs in CONUS to DESC-F; data will be reported on DD Form 2512, Bulk Fuel Stock Rotation Plan, RCS: DLA(A) 2505(DESC). Quality data shall determine in which outyear the stocks are scheduled for rotation. Rotation plans will include the location of the DFSP, the dormant tank number, the product in the tank, the volume of product, the suggested FY for rotation, the degrading characteristics supporting the rotation, suggested alternatives for rotation destinations, mode of transportation, and any other data considered useful for the coordination and approval process.

e. Approved rotation plans will state the executing agency. Projected movements in the coordinated/approved rotation plan will provide the basis for near term budget/procurement planning. However, as the projected movements become imminent, the final decision to rotate the stocks will be based on quality and funding parameters at that time. Thus, the stock rotation plan and its initial administrative approval does not constitute final authority to rotate fuel. Routine fund authorizations for

transportation in theaters are not to be utilized for stock rotation movements. Special and separate fund authorizations will be issued when stock rotation plans have been budgeted and finally approved. Because fuel degradation is not entirely predictable, projected movements may be accelerated or rescheduled from one year to another.

f. JPOs and CONUS DERs/DEOs will annually update and submit their plans to DESC-F. To the greatest extent possible, the review and coordination between DESC and the JPOs/DERs will be conducted by correspondence or telephone in lieu of annual meetings. The annual coordination process includes a budget review which may require direct input of the planner to aid in defending budget requirements.

g. Stock rotation is an integral part of quality surveillance. DoD Components who have quality surveillance responsibility at DFSPs shall assume stock rotation functions/initiate stock rotation action for dormant stocks (see subsection F.3., below).

### 3. Reporting Responsibility for Dormant Stock

a. DLA. DLA shall establish and maintain a stock rotation program for DLA-owned product. DESC will coordinate proposed stock rotation plans submitted annually by the JPOs and CONUS DERs/DEOs. The most economical or expedient rotational solution will be selected after considering relevant operational, technical, procurement, and budgetary factors. DESC, in coordination with the JPOs/DERs, will designate the organization responsible for executing the movement.

b. JPO. JPOs shall propose an annual stock rotation plan to DESC-F. JPOs shall consolidate and coordinate all subarea plans input by the Military Services and overseas DERs/DEOs prior to the annual proposal. JPOs may designate component commands or DERs/DEOs the partial or complete responsibility to report dormant tanks and to initiate single terminal or subarea plans.

c. CONUS DERs/DEOs. CONUS DERs/DEOs shall propose an annual stock rotation plan to DESC-F IAW the provisions of subsection F.2., above. DERs/DEOs will consolidate their input with the Military Services input prior to the annual proposal.

d. Overseas DERs/DEOs. Overseas DERs/DEOs shall propose an annual stock rotation plan to JPOs IAW the provisions of subsection F.2., above.

e. Military Services. Operators at military DFSPs in CONUS and overseas will report dormant tank data IAW subsection F.2., above, to CONUS DERs/DEOs and JPOs overseas.

4. Shipping Dormant Fuel. Shipments of dormant fuel between intermediate DFSPs as part of a stock rotation plan will have the following words entered in bold print on DD Form 1348-7 (remark section) and DD Form 250-1 (block 26): **DORMANT FUEL - ISSUE FIRST.**

## G. OFF-SPECIFICATION PRODUCT

1. Reporting Responsibility and Format. The Military Service or DLA unit having QS responsibility for DLA-owned product as defined in section C., above, will report any product that is off-specification. Notification will be made IAW instructions in MIL-HDBK-200.

2. Suspending Issues. Off-specification product will be withheld from issue pending receipt of specific disposition instructions from DESC-Q. If disposition instructions indicate such product is to be shipped to a military consignee, the consignee will be advised prior to shipment by the shipper of full quality and use limitation details.

3. Disposition of Off-Specification Product. DESC has final responsibility for DLA-owned product that fails one or more product intra-governmental receipt limits specified in MIL-HDBK-200. DESC-Q shall perform quality

evaluation of the "off-spec" product and provide disposition instructions to QRs/DERs and inform DESC-F/B/R (as required), and the cognizant JPO/SAPO when its an overseas location, of action taken. Alternatives available to restore "off-spec" product to specification or acceptable intra-govern-mental receipt limits (at lowest cost to the Government) will be reviewed prior to disposal. Inventory management action shall be initiated by DESC-F as required. Disposal action IAW DoD 4160.21-M (see reference index) will be taken after all other alternatives fail.

#### H. CONTAMINATED TANKER CARGOES (OFF-SPECIFICATION PRODUCT)

1. This section discusses "off-spec" cargoes that may require tanker diversion or reprocessing of product by industry. Due to the relatively high cost of tanker time and time required to negotiate contracts for reprocessing when required, it is necessary to expedite disposition instructions for contaminated cargoes aboard tankers.

2. In the event cargo is so contaminated as to possibly cause the tanker to be diverted to another destination or require reprocessing by industry, the unit discovering such condition shall promptly notify DESC-B/JPO/SAPO/DER by telephone or immediate message (if by message, DESC-Q will be added as an info addressee) with the following data:

- a. Grade (product code, F76, JP4, etc.).
- b. Quantity of contaminated product.
- c. Cargo number and barge or ocean tanker name.
- d. Elements not within use limits, degree of contamination, and contaminating materials if known.
- e. Recommended alternate use, proposed recovery measures, or disposal, etc.

3. DESC-B shall promptly notify DESC-Q of the circumstances and coordinate logistic action with the reporting unit; DESC-Q shall provide disposition instructions. JPOs, DERs/DEOs, and SCPs will be furnished copies of documents/messages which are used to communicate between the reporting unit and DESC.

#### I. TANK COATING AND CLEANING CRITERIA

##### 1. Base-Level Terminals

a. Aviation Fuel Tanks. All aviation fuel (AVGAS/JP4/JP5/JP8) storage tanks in direct support of aircraft operations will be internally coated in entirety using an approved organic coating system. Piping and appurtenances (excluding aluminum and stainless piping) may be coated as determined to be necessary. Base-level tanks which are not in direct support of aircraft operations will be treated as intermediate tanks.

b. Marine/Ground/Heating Fuel Tanks. Newly constructed tanks should be internally coated in entirety using an approved organic coating system. Existing tanks should have the internal bottom, all vertical surfaces up to 1 meter above the bottom, and the internal roof surface coated with an approved organic coating system. Existing fuel tanks which are not entirely coated may be proposed for complete internal coating on a case-by-case basis, where economies can be demonstrated to accrue, or if a continuing quality problem is documented.

2. Intermediate Terminals. Newly constructed fuel tanks should be internally coated in entirety using an approved organic coating system. Existing fuel storage tanks (aviation, marine, ground, and heating fuels) at intermediate terminals should have the internal bottom, all vertical surfaces up to 1 meter above the bottom, and the internal roof surface coated with an approved organic coating system. Existing fuel tanks which are not entirely

coated may be proposed for complete internal coating on a case-by-case basis, where economies can be demonstrated to accrue, or if a continuing quality problem is documented.

3. Regulatory Guidance. Tanks shall be inspected and cleaned IAW MIL-STD-457 and AFM 85-16 and NAVFAC MO-230. Tank cleaning and coating projects will be prioritized IAW volume II, chapter 8 of this manual.

#### J. PRODUCT USE AND INTRA-GOVERNMENTAL RECEIPT LIMIT

1. Delivery Policy. Every reasonable effort shall be made to deliver product to military bases which meets procurement specification requirements. However, delivery of off-specification product meeting "intra-governmental receipt limits" shall be governed by the procedures in MIL-HDBK-200.

2. End Use Policy. Under no circumstances will fuel be issued to the end user (aircraft, vehicle, generator, etc.), unless it meets established use limits.

3. Defuels>Returns for Credit. See chapter 10, section I. of this volume.

## CHAPTER 8 -- MANAGEMENT OF STORAGE AND DISTRIBUTION FACILITIES

### A. GENERAL

1. Distribution System. The bulk petroleum distribution system includes a network of storage facilities (intermediate and base-level) required in support of worldwide military fuel requirements, and in some cases other Federal civil agency requirements. Sufficient tankage shall be available for peacetime and war reserve stocks. Planning for wartime petroleum requirements shall rely on host-nation support (HNS) when feasible.

2. Defense Fuel Support Points (DFSPs). Storage facilities are designated DFSPs wherein DLA-owned fuel is stocked for distribution to multiple military end user O&M accounts (e.g., aircraft, vehicles, ships or tanks, for which fuel is purchased through multiple O&M accounts). DFSPs range in size and scope from a single tank to a pipeline system with a network of multiple terminals. See volume V, appendix A57 for a list of DFSPs; tankage characteristics and shipping/ receiving capabilities are reported in the "RCS 506 Report" managed by DESC-F.

3. Requirements. DESC shall review, analyze, and validate the extent of the bulk petroleum storage and distribution facilities required in support of the DLA bulk petroleum management mission. DESC shall validate such requirements in coordination with the Military Services and Unified Commands through an annual cyclic program. The program is designed to identify, fund and execute bulk storage and distribution facilities projects in support of DoD petroleum objectives.

4. Responsibilities. DLA/DESC shall establish and maintain a DoD bulk petroleum distribution system and related programs in coordination with the Military Services and Unified Commands. As defined further in this chapter, DLA/DESC, Military Services, and Unified Commands have interrelated responsibilities to plan, program, budget, and fund for the operation, maintenance, repair, military construction (MILCON), minor construction and environmental compliance of bulk storage and distribution facilities in support of the Military Service's bulk petroleum management mission.

### B. TYPES OF BULK PETROLEUM STORAGE TERMINALS (or DFSPs)

1. Government-Owned Government-Operated (GOGO). Terminal owned by the U.S. Government and operated by Government employees.

2. Government-Owned Contractor-Operated (GOCO). Terminal owned by the U.S. Government and operated by a contractor.

3. Contractor-Owned Contractor-Operated (COCO). Terminal owned and operated by a contractor which provides storage and distribution services under contract with the U.S. Government.

4. Foreign Government (FG). Overseas petroleum storage/distribution services provided for U.S. Government use through a government-to-government MOU. FG DFSPs are: (1) owned and operated by foreign governments, (2) owned by foreign governments and operated by contractors, and (3) owned and operated by contractors.

5. North Atlantic Treaty Organization (NATO). Petroleum storage facilities overseas used in support of the U.S. Government as a member of NATO. These terminals are owned by NATO and operated by the host government or the Central European Operating Agency (CEOA) consistent with bilateral or multilateral user agreements. Cost of support furnished to the U.S. Government at these terminals is negotiated between the U.S. Government and the operating host government or apportioned by the Central Europe Pipeline Policy Committee.

6. Afloat Pre-positioning Force (APF) or Floating DFSPs. This chapter addresses only fixed, permanent facilities. See chapter 9 of this volume for discussion of floating DFSPs.

C. GOVERNMENT-OWNED GOVERNMENT (SERVICE) OPERATED (GOGO) DFSPs. Policy guidance and responsibilities for managing U.S. GOGO DFSPs are contained herein. As such, interservice support agreements are not required but may be used to document unique requirements and situations.

1. DESC shall:

a. Develop and provide inventory levels for GOGO DFSPs via the Inventory Management Plan (IMP) or extracts thereof. Inventory levels will be coordinated with the SCP.

b. Develop and provide procedures for reporting supply transactions, inventory data, and records of DLA-owned fuel.

c. Formulate bulk storage and distribution facility planning requirements with JPO/SAPO concurrence for overseas..

d. Plan, program, budget, and fund projects for maintenance, repair, minor construction, and environmental compliance for these facilities, in accordance with section L., below. Plan, program, budget and sponsor fuel MILCON projects for DLA funding for these facilities, in accordance with section L., below.

e. Coordinate design/construction projects with the Services (and the cognizant DER/DEO for overseas projects).

f. Upon request, DESC will provide support to Military Services in interpreting applicable environmental regulations and developing projects to bring terminals into compliance.

g. Fund environmental assessments/statements for proposed new construction projects as required by the National Environmental Policy Act and DoD Directive 6050.1.

h. See "notes" in paragraph C.2.a. and subparagraph C.2.f.(6), below.

i. Fund environmental permits and compliance requirements IAW section I., below.

2. Military Services shall:

a. Plan, program, budget and fund for operating costs of GOGO DFSPs used in support of the DLA bulk petroleum management mission; perform organizational maintenance such as grease valves, replace gaskets, clean/maintain equipment and supplies. NOTE: At the request of the Service, DESC will consider conversion of a Service-operated GOGO DFSP to a DESC-funded GOGO DFSP if economic benefit to DoD can be demonstrated by so doing. In addition, during the alteration of distribution processes, should economic benefit be demonstrated to accrue from increasing the mission at a GOGO, e.g., transshipment or alternate receipt of fuel, etc., costs of labor or other costs incurred by the Service related to that increased mission will be funded by DESC for the duration of the increased mission. Costs to be funded in this situation may be subject to negotiation.

b. Provide for complete receipt, storage, and delivery systems which will be maintained in good operating condition according to Service standards and policy guidance in DoD Directive 4140.25 and DoD Directive 7150.5.

c. Program, design, budget, and fund for all operating costs, maintenance, repair, environmental compliance, and construction of facilities used solely in support of the military petroleum mission (facilities which do not support DLAs bulk petroleum mission, i.e., those facilities which hold Service-owned fuel). The Military Services shall retain authority to approve or reject such projects being funded with Service funds.

d. Execute and administer all facilities construction contracts for maintenance, repair, minor construction, environmental compliance and MILCON

projects, and the inspection and acceptance of work accomplished under these contracts (see section L.).

e. Provide DESC-F with proposed MILCON requirements during the annual MILCON planning cycle outlined in paragraph L.6.a., below.

f. Provide DLA with the following support/services without reimbursement:

(1) Maintain inventory levels reported in the IMP.

(2) Receive, store, and issue DLA-owned bulk fuel IAW procedures in this manual.

(3) Maintain a quality surveillance program consistent with policy guidance in volume II, chapter 7 of this manual.

(4) Report supply transactions and inventory data IAW procedures prescribed in this manual.

(5) Maintain accountable records and investigate fuel losses exceeding DoD standard tolerance factors (perform/conduct causative research, prepare DD Form 200, SF 361, etc.).

(6) Fund operation and organizational maintenance costs (defined in paragraph L.3.f.) related to the day-to-day tasks needed to receive, store, and issue petroleum products including staffing and supplies associated therewith. (NOTE: DLA/DESC may fund the cost of contracted maintenance projects when the work is beyond the capability of Service-operating personnel and this work has traditionally been done by contract. DESC will consider contracting out additional functions if there can be demonstrated some economic advantage to so doing.)

(7) Operate deballasting and recovery systems when required to avoid losses and prevent environmental pollution damage.

(8) Execute environmental permits and compliance requirements in accordance with sections I. and L. Insure compliance with environmental requirements to include development and implementation of oil spill prevention control and countermeasure and facility fuel transfer operations requirements of the U.S. Coast Guard.

(9) Provide DESC-FQ a summary of costs associated with actions taken to remedy spills/contamination incidents.

(10) Notify DERs/DEOs and JPOs for overseas locations of DFSP tankage which is planned for removal or return to service and major facility repair which impacts mission capability. Copies of such plans/schedules will be sent to DESC-B/F in the RCS: 1884 Report.

D. GOCO DFSPs (PERMITTED AND LICENSED TO DLA). These DFSPs are owned by the Services and operated by contractors under contracts administered by DESC. Such terminals are permitted or licensed to DLA based on mutually agreed Real Property Permits issued by the Services. Policy guidance and responsibilities for managing such DFSPs are as follows:

1. DESC shall:

a. Provide terminal management.

b. Plan, program, budget, and fund projects for maintenance, repair, minor construction, and environmental compliance for these facilities, in accordance with section L., below. Plan, program, budget and sponsor fuels MILCON projects for DLA funding for these facilities, in accordance with section L below.

c. Execute environmental permits and compliance requirements.

d. Develop and maintain the following documents for GOCO DFSPs contracted by DESC: Federal Facility Response Plan; Installation Spill Contingency Plan (ISCP) and Spill Prevention Control and Countermeasure Plan (SPCCP) as required by U.S. Codes and the Environmental Protection Agency; Oil Pollution Prevention Operations Manual (OPPOM) as required by the U.S.

Coast Guard for coastal terminals; Research and Special Projects Administration (RSPA); oil discharge prevention and contingency plan as required under the Oil Pollution Act of 1990 (OPA 90); and implement DoD Directive 5030.41, DoD Instruction 4120.14 and DLAM 6050.1.

2. Military Services shall:

a. Designate a host unit which will provide civil engineering services for the terminal, as required by DESC, to include real property maintenance activities based on reimbursement by DESC.

b. Execute and administer all facilities construction contracts for maintenance, repair, minor construction, environmental compliance and MILCON projects, and the inspection and acceptance of work accomplished under these contracts (see section L., below).

E. GOCO DFSPs (NOT PERMITTED/ LICENSED TO DLA). These DFSPs are owned by the Military Services and operated by contractors under contracts administered by the Military Services.

1. DESC shall:

a. Plan, program, budget, and fund for operating costs of IMM Phase I GOCOs (e.g., Diego Garcia, Kwajalein, etc.); the Services will continue to budget and fund for the operating costs of Phase II GOCOs (e.g., Randolph AFB, Sheppard AFB, etc.). At the request of the Service, DESC will consider funding operation of the Phase II GOCOs if economic benefit to DoD can be demonstrated by so doing.

b. At both Phase I and Phase II GOCOs: Develop and provide inventory levels; develop and provide procedures for reporting supply transactions, inventory data, and records of DLA-owned fuel; formulate bulk storage and distribution facility planning requirements; and plan, program, budget, and fund for maintenance, repair, minor construction, environmental compliance and MILCON costs, as in paragraphs C.1.a. through C.1.i., above.

2. Military Services shall:

a. Provide terminal management.

b. Execute environmental permits and compliance requirements.

c. Execute and administer all facilities construction contracts for maintenance, repair, minor construction, environmental compliance and MILCON projects, and the inspection and acceptance of work accomplished under these contracts (see section L., below).

d. Provide DESC-F with proposed MILCON requirements during the annual MILCON planning cycle outlined in paragraph L.6.a., below.

e. Provide DLA with the following support/ services without reimbursement:

(1) Maintain inventory levels reported in the IMP.

(2) Receive, store, and issue DLA-owned bulk fuel IAW procedures in this manual.

(3) Maintain a quality surveillance program consistent with policy guidance in volume II, chapter 7 of this manual.

(4) Report supply transactions and inventory data IAW procedures prescribed in volumes II and V of this manual.

(5) Maintain accountable records and investigate fuel losses exceeding DoD standard tolerance factors (perform/conduct causative research, prepare DD Form 200, Financial Liability Investigation of Property Loss, SF 361, etc.).

(6) Fund operating and organizational maintenance costs (defined in paragraph L.3.f.) for Phase II GOCOs related to the day-to-day tasks needed to receive, store, and issue petroleum products including staffing and supplies associated therewith. (Note, DLA/ DESC may fund the cost of contracted maintenance projects when the work is beyond the capability of

Service operating personnel, and this work has traditionally been done by contract. DESC will consider contracting out functions if there can be demonstrated some economic advantage to so doing.)

(7) Operate deballasting and recovery systems when required to avoid losses and prevent environmental pollution damage.

(8) Execute environmental permits and compliance requirements in accordance with sections I and L. Ensure compliance with environmental requirements to include development and implementation of oil spill prevention control and countermeasure and facility fuel transfer operations requirements of the U.S. Coast Guard.

(9) Provide DESC-FQ a summary of costs associated with actions taken to remedy spills/contamination incidents.

(10) Notify DERs/DEOs and JPOs for overseas locations of DFSP tankage which is planned for removal or return to service and major facility repair which impacts mission capability. Copies of such plans/schedules will be sent to DESC-B/F in the RCS: 1884 Report.

#### F. CONTRACTOR-OWNED CONTRACTOR-OPERATED (COCO) DFSPs

1. Operating Costs. DESC shall plan, program, budget and fund for operating costs.

2. Favorable Fuel Market Strategies. DLA/DESC may contract for additional storage facilities, within budgetary constraints, to take advantage of favorable fuel prices. Such acquisition will be coordinated with the Military Services and Unified Commands before execution.

3. Floating Roofs/Pans. Tanks with floating roofs/pans shall be acquired for highly volatile fuels, such as JP-4 and gasoline, wherever feasible.

4. Long-Term Contracts. In accordance with 10 USC 2388, DLA/DESC may contract for the storage, handling, and distribution of petroleum products for periods of not more than five years, with options to renew for additional periods of not more than 5 years each, but not more than a total of 20 years. Long term contracts may include a Government option to purchase the storage facility.

5. Multi-Year Requirements. Multiyear contracts may be awarded (currently up to 5 years) consistent with provisions of the FAR/DFARS and relevant statutes.

6. This section excludes tariff agreements; for discussion of tariff agreements. See volume II, chapter 6, subsection F.4., of this manual.

#### G. FOREIGN GOVERNMENTS (FG) DFSPs

1. Foreign Agreements. Beneficial use of FG/NATO storage facilities as DFSPs, in support of fuel requirements indicated in the WISP, may be obtained by agreements negotiated by the Unified Commands or DESC. DESC may negotiate and conclude such agreements as indicated in volume 1, chapter 1, subsection D.7., of this manual.

2. Foreign DFSPs for which the U.S. Government has beneficial occupancy under a government-to-government MOU shall be governed by the following policy:

a. DESC shall plan, program, budget, and fund operating, maintenance and repair, and environmental compliance costs for DFSPs used in support of the DLA bulk petroleum management mission IAW the provisions of the MOU.

b. Terminal operators shall provide support services in accordance with the terms of the MOU.

c. The MOU designee shall provide terminal management.

#### H. INSPECTIONS

1. GOCO/COCO DFSPs. DESC shall arrange for periodic inspections of contractor-operated DFSP fuel storage facilities.

2. GOGO DFSPs. DESC shall visit GOGO DFSPs to assess the integrity and structure of such facilities for project validation and other facilities assistance as required in support of the DLA DWCF. Visits shall be coordinated with the associated command (or CINC-JPO for overseas locations), and the SCP, at least 30 days in advance (unless circumstances dictate otherwise). Reports of findings shall be documented in coordination with the associated command or CINC-JPO. Copies of the report will be provided to the DFSP, SCP and its command or the appropriate CINC-JPO.

3. FG/NATO DFSPs. DESC shall arrange for inspections of FG/NATO fuel facilities when authorized by operating agreements and when annual audit of NATO/host-nation DFSPs are not adequate.

#### I. ENVIRONMENTAL PROTECTION PROGRAM

1. General. The Military Services and DLA/DESC shall:

a. Ensure that all necessary actions are taken to prevent, control, and abate environmental pollution related to fuel facilities, activities, and programs in the Defense Department.

b. Assess the environmental impact of major fuel related actions which affect the quality of the human environment to the extent required by the National Environmental Policy Act of 1969 and subsequent laws.

c. Assure that all fuel products obtained and used conform to local, state, Federal, and foreign regulations which relate to the protection of the environment.

2. Pollution Control

a. DESC/Military Services shall take necessary action to comply with applicable air, water, noise, solid waste, and hazardous waste standards IAW DLAM 6050.1 for DFSPs storing DLA-owned product.

b. In addition, Military Services storing DLA-owned fuel in Service DFSPs shall comply with respective Service directives in reporting environmental deficiencies and maintaining pollution control programs.

3. Environmental Impact Assessment

a. DESC shall prepare environmental assessments on major fuel related actions for which DLA has the lead action (i.e., at GOCO terminals permitted to DLA) IAW DLAR 1000.22 and DLAR 1000.29.

b. Military Services shall prepare environmental assessments on major fuel related actions for which they have the lead action (i.e., at GOGO terminals operated by the Services and GOCO terminals administered by the Services) IAW respective Service directives.

4. Environmental Compliance

a. Definition. The provisions in this section apply to bulk POL facilities which stock/distribute DLA-owned fuel. Types of environmental compliance are as follows:

(1) Recurring. Operations and services which accomplish "must do" environmental actions which relate directly to storage and distribution of DLA-owned product, such as permits and fees, waste disposal, UST testing, environmental impact analysis process (EIAP), etc. Costs are defined as recurring if they recur annually or more frequently (monthly, bimonthly, etc.). Costs recurring less frequently shall be addressed as nonrecurring projects/services.

(2) Nonrecurring. Projects/services that: (a) address conditions currently out of compliance are level 1, (b) shall be done to meet a deadline are level 2, and (c) are important but not related to an imminent compliance deadline are level 3.

b. DESC Responsibilities for Compliance Procedures

(1) Ensure that requirements and specifications for bulk petroleum products and coal are IAW applicable Federal, state, and local environmental regulations which govern sulfur content, oxygen content, vapor pressure, etc.

(2) Develop/implement procedures for the compliance of fuel procurement, transportation, and storage with all applicable Federal, state and local air, water, pesticide, solid waste, and noise abatement standards in accordance with DoD Directive 5100.50 and DoD Instruction 4120.14.

c. GOGO and Service-operated GOCO DFSPs. Ultimate responsibility for environmental compliance associated with POL facility operations remains with the installation commander.

d. Overseas DFSPs. In accordance with the procedures set forth in DoDD 6050.16 and DoDD 5100.5, DFSPs located outside the United States, its territories and possessions, shall comply with the Final Governing Standards issued for the host nation where they are located. Where no such Final Governing Standards have been issued, such DFSPs shall comply with the criteria under the Overseas Environmental Baseline Guidance Document (Oct 92), applicable treaties (and other international agreements), and substantive host nation pollution control laws of general applicability under Executive Order 12088 (Oct 13, 1978).

J. WORLDWIDE INVENTORY AND STORAGE PLAN (WISP)

1. Program Document. The WISP is developed and distributed by DESC-F as required; it is a DoD integrated storage plan, used in analyzing storage requirements for MILCON projects/COCO locations.

2. Preparation

a. When requested, the Services and CINC-JPOs (for overseas bases) shall report the following data to DESC-FI:

(1) Planned base-level BPWRS storage projects for the current, budget, and Program Objective Memorandum (POM) years.

(2) Suggested COCO DFSP actions for the POM years.

(3) Suggested HNS initiatives.

b. DESC-F will distribute the WISP to DUSD (L), Joint Staff, Military Services, Unified Commands, DERs/DEOs, and DLA-MMDI. The WISP includes the results of the DESC IPRB review (bulk storage tank projects only) and POM petroleum requirements.

K. BULK PETROLEUM STORAGE FACILITIES REPORT, RCS: DD-P&L(A)506

1. Policy. DESC-F shall control, maintain, and publish the "506 Report" which documents tankage data and receiving/shipping capability input by DoD Components for:

a. Bulk petroleum storage facilities of 500 barrels (79.5 cubic meters) or more capacity (military, federal, or contracted; includes active, inactive, or empty tanks at: petroleum terminals, tank farms, pipeline breakout tankage, and military bases).

b. Banks of manifolded, small, fixed tanks which collectively have a total capacity of 500 barrels (79.5 cubic meters) or more for a single product.

2. Format

a. The 506 Report is issued in four volumes (the overseas supplement is classified) - annually as of 1 October. Copies are distributed to DUSD(L)MRM, Joint Staff/J4, Military Services, DERs/DEOs, CINC, JPOs, HQ DLA, and to other Federal Agencies, as requested.

b. The Overseas Supplement Report to Volume 2 (Bulk Petroleum Storage Facilities), volume 4 (Receipt and Shipment Capability), and associated

worksheets/papers/documents, are classified CONFIDENTIAL. See volume V, appendix A41 of this manual for security classification guidance.

3. Purpose. The 506 Report provides a database for analyzing storage capabilities and associated petroleum products worldwide in support of both the peacetime and contingency bulk petroleum mission.

4. Updating Procedures. Changes in tankage/receiving/shipping capability data shall be reported to DESC when they occur as follows:

a. DFSPs (base-level/intermediate) shall input data directly to the DFAMS data bank; see paragraph K.4.c., below, for handling classified data.

b. DFSPs without direct access to the DFAMS data bank shall input data via worksheets to the DER/DEO to access the DFAMS data bank (copy to JPO/SAPO for OCONUS). DERs/DEOs shall then provide such DFSPs with updated computer printouts.

c. Classified data for the 506 Overseas Supplement Report will be input via classified worksheets as indicated in paragraph K.4.b., above. The DERs/DEOs shall mail the worksheets to DESC-F. NOTE: Classified data is prohibited in the DFAMS data bank.

d. See volume V, appendices A41 through A41b of this manual for updating instructions via work-sheets or automated input to the DFAMS data bank.

#### L. MILITARY CONSTRUCTION (MILCON), MAINTENANCE, REPAIR, MINOR CONSTRUCTION, AND ENVIRONMENTAL COMPLIANCE PROGRAMS

1. General. The following provides guidance on the planning, programming, budgeting, funding, design and construction of DLA/DESC sponsored Maintenance and Repair (M&R), Minor Construction (MC), Military Construction (MILCON), and Environmental Compliance (EC) projects (and other environmental costs).

2. Background. DoD 7000.14-R provides for DWCF to be used in.

##### 3. Definitions

a. Military Construction (MILCON). A military construction project is a single undertaking at a military installation that includes all construction necessary to produce a complete and usable facility at an approved cost equal to or greater than the amount specified by law (currently greater than \$300,000).

(1) Current Mission MILCON - These projects revitalize the existing facility plant by replacing or upgrading existing facilities and by alleviating long-standing deficiencies not generated by new missions.

(2) Incidental MILCON in Support of New Mission - Upgrades of a fuel facility which are part of a larger conversion or other Service initiative are to be funded and accomplished by the Service as part of the larger initiative. For example, if extensive facility construction is required in conjunction with a new weapons system, part of which is the associated fuel facilities, the fuel facilities construction will be programmed and executed by the Service as part of the overall MILCON for construction of the support facilities associated with the new weapons system.

(3) Unspecified/Urgent Minor MILCON - Unspecified Minor Construction authority is to be used for projects which require accomplishment sooner than would be possible if delayed for inclusion in the next regular MILCON program. This authority provides for projects formerly called Exigent Minor Military Construction and includes self-amortizing projects. These construction projects fall within the range of greater than \$300,000 but less than \$1,500,000.

(4) Environmental MILCON - MILCON projects with one or more environmental improvement projects combined to satisfy environmental compliance objectives.

b. Minor Construction (MC). A minor construction project is a single undertaking at a military installation that includes all construction necessary to produce a complete and usable facility or a complete and usable improvement to an existing facility, with a total cost less than the specified MILCON threshold authorized by law (currently equal to or less than \$300,000).

(1) Examples of minor construction projects include erection, installation or assembly of a new facility; the addition, expansion or extension of an existing facility; the conversion or replacement of an existing facility; or the relocation of a facility from one site to another.

(2) Alteration of a facility associated with an increase in mission is considered construction.

c. Maintenance. The recurrent, daily, periodic or scheduled work required to preserve a facility by preventing its deterioration.

(1) Examples of maintenance include tank interior/exterior coatings, pipeline painting, cleaning, pigging pipelines, painting fences, maintenance dredging, disposal of bottom sediment and waste waters, etc.

(2) The installation of cathodic protection on an existing real property facility shall be processed as maintenance provided the requirement for cathodic protection was identified after the facility had been placed in service.

d. Repair. The restoration of a real property facility to such condition that it may be effectively utilized for its designated purpose by overhaul, reprocessing or replacement of constituent parts or materials that have deteriorated by action of the elements or usage and have not been corrected through maintenance.

(1) Facility upgrades to comply with environmental, safety, fire protection and electrical codes may be classified as repair.

(2) Repair projects may replace constituent parts of a facility, i.e., piping, electrical wiring, etc., in order to comply with current standards or modern accepted engineering practice. However, if during a repair by replacement of a constituent part of a facility, increase in size, capacity, etc., is due solely to mission change, the difference in cost between "repair by replacement" and the cost of the upgrade is construction.

(3) In general, repair must not exceed 50 percent of the replacement cost of the facility without approval from DLA (e.g., the cost of repairing a fuel pier by replacing piles, decking, etc., must not exceed 50 percent of the cost to build a replacement pier).

(4) The installation of cathodic protection incident to the repair of a real property facility shall be processed as part of the repair project.

e. Environmental Compliance. Environmental compliance for POL facilities is defined by the following, each of which will be funded by DLA/DESC as required, after October 1, 1992. Note that ultimate responsibility for environmental compliance associated with POL facility operations remains with the installation commander. The Services can appeal decisions made by DLA/DESC pertaining to environmental compliance and restoration responsibilities. Appeals will be directed to the Commander, DESC, and will then be routed through the Director of DLA for review and comment, and forwarded to ODUSD/L/MRM for resolution.

(1) Design and construction of pollution abatement projects. DLA/DESC will fund projects to upgrade POL facilities to control emissions and discharges to meet environmental regulatory standards. Also included are projects needed for POL facilities to achieve regulatory compliance to continue to operate. Requirements to meet such standards will be identified and prioritized by Service or project proponents. Candidate projects and estimated costs will be identified by activities/project proponents using a DD Form 1391 or equivalent.

(2) POL waste site assessment and cleanup. DLA/DESC will fund the identification, assessment and remediation costs of fuel spills/leaks which occur after October 1, 1992. Activities will identify these sites and estimated costs using procedures outlined in subsection L.7. All past POL contamination sites resulting from activities conducted prior to Oct 1, 1992 will remain a Service funding responsibility.

(3) Recurring environmental costs to maintain POL facility compliance. These include costs of the following, as applicable to the DLA/DESC fuel storage and distribution mission:

- (a) Operating permits (tanks, fill stands, NPDES, etc.).
- (b) Operational documents (OPPOM, ISCP, etc.): DESC shall fund that portion of the documents applicable to bulk petroleum facilities.
- (c) Sampling and testing of emissions and discharges.
- (d) Removal and disposal of hazardous and other POL wastes.
- (e) Fines and penalties: DESC will be responsible for payment of fines and penalties levied by regulatory agencies for environmental noncompliance of bulk petroleum facilities previously identified by the Services to DESC and for those conditions beyond the control of the Services, unless such fines or penalties result from a lack of timely action by the Services.

(f) Operations and Organizational Maintenance. The costs of operations and organizational maintenance of GOGO (Service-operated) facilities will not be funded by DLA/DESC. Broadly speaking this would include personnel cost, housekeeping (grease valves, replace gaskets, clean/maintain equipment, etc.) and related supplies. In most cases, grounds maintenance (mowing grass, trimming bushes, etc.) is organizational maintenance; however, DESC funding will be considered on a case-by-case basis if grounds maintenance required exceeds the capabilities of onsite personnel and contract labor is the economic solution. Operations and organizational maintenance are Service responsibilities and must be budgeted for and funded by the owning Service. DESC shall, however, fund for repair or replacement of component parts of systems, where economies can be demonstrated to accrue by so doing.

#### 4. Project Eligibility for DLA/DESC Funding

a. For a project to be eligible for DLA/DESC sponsorship for M&R, MC, EC or MILCON, it must directly support the DLA bulk petroleum management mission. Only fixed, permanent facilities will be eligible for DLA/DESC M&R, MC and EC project funding.

b. One or more of these criteria must be addressed in the project documentation, if they are not inherently obvious.

- (1) Facility must store or distribute DLA-owned product.
- (2) Project necessary to assure environmental compliance with Federal, state and local standards.
- (3) Project necessary to protect DLA-owned product from loss or contamination (e.g., fire protection systems, cleaning tanks, repair pipelines and tanks, etc.).
- (4) Project of economic benefit to DLA/DESC (e.g., reduced tanker laytime).
- (5) Project directed by DLA/DESC (e.g., tank conversion).
- (6) Project necessary to meet minimum DLA/DESC inventory level requirements.

c. DLA/DESC will not fund the cost of DFSP operations or base-level organizational maintenance (i.e., routine operation and maintenance, see paragraph L.3.f., for definition of organizational maintenance). DLA-DBOF is not authorized to pay for direct support of Government personnel salaries at DFSPs. DLA/DESC shall fund the cost of contracted maintenance projects when the work is beyond the Service's operating personnel's capability, and the

work has not historically been executed by the Service operating personnel. If work which has historically been performed by Military Service personnel is proposed for DLA/DESC funding, clear documentation must be presented which justifies this change.

#### 5. Development of Project Documentation

a. MILCON. Each project must be thoroughly researched and documented because it will compete with other projects at the DESC Installation Planning and Review Board (IPRB), the DLA Installation Planning Review Functional Panel (IPRFP) and various OSD and Congressional level reviews. It is mandatory that each MILCON project be supported by the following documentation:

(1) DD Form 1390, FY 19\_ Military Construction Program for each installation (guidance in DLAM 4270.1, IAW DoDI 7040.4).

(2) DD Form 1391, Military Construction Project Data, (guidance in DLAM 4270.1, IAW DoDI 7040.4).

(3) Facilities Study (guidance in DLAM 4270.1).

(4) Economic Analysis (guidance in DLAM 4270.1). The economic analysis must either justify the project solely on the basis of economics (Type I or primary analysis), or demonstrate the lowest cost alternative in order to fulfill operational requirements (Type II or secondary analysis). Recommend the use of ECONPAK software, available from the US Army Corps of Engineers, Huntsville District; to obtain, call (205) 895-1838, DSN 788-1838, fax (205) 895-1557, DSN 788-1557, or write:

Commander USAED - Huntsville P.O. Box 1600 Huntsville, AL 35807-4301

(5) Scope and Detailed Cost Estimate (verified by cognizant Corps of Engineers or NAVFAC Engineering Field Division, NAVFAC Public Works Center, Air Force Base Engineering Function (using AF Form 1178), or activities Public Works Departments).

(6) For overseas terminals, a statement of proponent's attempt to secure host-nation support for the project, clearly demonstrating that such support is unavailable, impractical, unfeasible, or uneconomical.

(7) An assessment of potential environmental impact. The Air Force may use their Standard Certificate of Environmental Compliance; other Services may use equivalent documents.

(8) A site approval, verified by cognizant Corps of Engineers, NAVFAC Engineering Field Division, or Air Force Civil Engineering Activity.

(9) Other supporting documents which depict specific deficiencies or deterioration (e.g., photographs, notices of violation, etc.).

b. Maintenance/Repair (M&R), Minor Construction (MC) and Environmental Compliance (EC). To ensure expeditious review for funding approval, each project submission MUST contain the following documentation:

(1) DD Form 1391, Military Construction Project Data. Other project documentation may be suitable, if such documentation provides project scope, justification and cost estimate; documentation substitution must be reviewed and approved by DESC.

(2) Detailed cost estimate (verified by Public Works Center, Air Force Base Civil Engineer, Army District Engineer, NAVFAC Engineering Field Division, or Public Works Department). Verification must be noted on cost estimate.

(3) In addition, project submissions should include as much supporting documentation as possible. The following are recommended:

(a) Facilities study (one or two page document addressing questions outlined in DLAM 4270.1, appendix E).

(b) Other supporting documents such as sketches and/or photographs, notices of violations, etc.

c. Project Prioritization.

(1) To assist in assessing the relative importance of projects within a given funding program (i.e., MILCON, M&R/MC/EC), the forwarding correspondence must include a prioritized list of projects being submitted. DESC will consider each project's content and the submitter's justification, and develop a consolidated priority list containing all projects proposed for a given fiscal year. The priority list for MILCON projects will be used by the DESC IPRB in determining priority of the fuels slate. DESC will provide the Service/Major Command/CINC-JPO a copy of the MILCON project priority list following the DESC IPRB and again following the DLA IPRFP with the estimated funding cut-off indicated. DESC will provide the Service/Major Command a copy of the overall M&R/MC/EC prioritization list with the estimated funding cut-off indicated.

(2) DESC-proposed changes to a submitter's M&R/MC/EC priorities will be discussed with the submitter for resolution. The Services/Commands may request/justify adjustment of project priorities when an "essential" project is not projected to be funded. The submitter's request should provide a brief statement for each project which may be at variance with the DESC priority system justifying the priority assigned, in order to expedite this resolution. Changes to submitters' MILCON priorities will be resolved at the IPRB.

(3) The following criteria should be used to develop a justification statement; these criteria are not necessarily listed in priority order.

(a) Mission Essential. The activity cannot or will not, by a specific date, be able to perform its fueling mission.

(b) Required to Comply with Environmental, Safety, Fire Protection or Other Regulations or Laws. The specific regulation or law being violated must be specified and synopsized as part of the justification.

(c) Protection of Product from Loss or Contamination. The justification should address how the project will protect DLA product from contamination or loss.

(d) Economic Payback. The project will result in an economic payback in a specified period of time (e.g., 2 years, 5 years, 10 years, etc.). The pay-back period must be supported by the economic analysis provided as part of the project documentation.

(e) Directed by DLA/DESC or Other Higher Authority. If the requirement for the project was directed by DLA or DESC, the correspondence providing direction should be referenced.

(f) Improve Efficiency of Operation. The justification statement must describe how the project will improve operational efficiency. If cost savings are to be incurred (manpower, materials, etc.), these should be described and enumerated.

6. Submittal of Project Documentation. It is essential that field activities submit the proposed project documentation within the timeframe specified. Projects submitted after the date prescribed may not be included in the intended fiscal year program. However, emergency projects that meet the provisions of subsection L.10., will be accepted at any time, as will requests for funding remediation of POL spill/leaks (see paragraph L.7.d). The data call, project aggregation, approval and feedback process will occur as noted in the following timetable. A graphic explanation of the timetable is provided in figures [8-1](#) and [8-2](#).

a. MILCON Cycle - Annual

(1) October. DESC calls for MILCON submissions for a 5-year fiscal year period beginning 5 years from the FY in which the data call occurs (e.g., in October 1993, the data call will require MILCON submissions for the 5-year period FY 98-02 which includes the program year of FY98). Submissions for outyear projects (after the program year) may consist of preliminary

documents. Submissions will be made to DESC-FE via the appropriate chain of command.

(2) February. CINC-JPOs and SCPs, as determined to be the appropriate component review/ approval chain, will review, validate projects, and develop consolidated project priority lists.

(3) March. CINC-JPOs and SCPs will forward candidate POL MILCON projects and consolidated project priority lists to DESC.

(4) March to May. DESC reviews and validates all candidate MILCON projects submitted by the SCPs and CINC-JPOs in conjunction with DESC candidate projects.

(5) May. DESC formulates a proposed slate of POL MILCON projects for consideration at the DESC IPRB and will notify the SCPs and CINC-JPOs concerning the status of the proposed slate.

(6) July. The DESC IPRB will meet to review, endorse and prioritize projects for submission to DLA. The Board includes representatives of JCS, CINC-JPOs, Service energy offices and DESC-DD/F/O/R as voting members who formulate the consolidated slate of proposed projects. Results of the meeting will be provided to all interested parties.

(7) August to April. DLA will review and endorse or reject the DESC project submission at the DLA IPRFP.

b. Maintenance/Repair/Minor Construction/Environmental Compliance Cycle - Annual

(1) October

(a) Projects. DESC will call for M&R, MC, and EC project nominations for a 2-year period beginning with the budget year (e.g., in October 1993, the data call will require M&R, MC and EC project submissions for the 2-year period beginning in FY 95 and ending FY 96). Full documentation is required for the first year and line item listings are required for the second year. The data call shall be sent directly to CINC-JPOs and SCPs, as determined to be the appropriate component review/approval chain. CINC-JPOs and SCPs will relay data call to field activities with appropriate submission timetable to forward project submission to DESC NLT February 1.

(b) Recurring Environmental Costs. Installations, through their SCPs, shall supply DLA/ DESC with anticipated recurring environmental compliance costs for the program year plus one outyear, as with the M&R projects. This information will be requested by DESC in the M&R data call. Guidance for summarizing/reporting individual installation budgets will be provided by DESC-FQ. Activities shall provide justification if anticipated costs are significantly different from the previous year's request.

(2) January

(a) Projects. SCPs and CINC-JPOs shall review, validate projects and develop consolidated project priority list. Overseas projects will be prioritized by the Unified Commands vice the Service components. Project documentation and consolidated priority list will be forwarded to DESC-FE no later than February 1. SCPs and CINC-JPOs shall inform field activities which projects were selected and which projects were not forwarded to DESC and the reasons why the projects were not forwarded.

(b) Recurring Environmental Costs. CINC-JPOs and SCPs shall assemble budget request data from activities and forward to DESC-FQ no later than February 1.

(3) February to April. DESC will review, validate, program and budget for approved projects.

(a) Projects. DESC shall review, validate, program and budget for approved projects.

(b) Recurring Environmental Costs. Budget information submitted to DESC-FQ shall be reviewed and validated, and used as the basis for

initiating/updating interservice support agreements (ISAs) for recurring environmental compliance support (see paragraph L.7.c., below).

(4) May

(a) Projects. DESC will provide a consolidated list of approved projects to CINC-JPOs and SCPs with projected funding dates. Design funding may be available upon approval of the project.

(b) Recurring Environmental Costs. ISA updates continue.

(5) October

(a) Projects. Upon request, DESC will provide funding for approved projects directly to the responsible offices designated by field activities having jurisdiction over POL facilities. Data call for next year is issued.

(b) Recurring Environmental Costs. ISA updates continue. Data call for next year is issued.

7. Funding. DLA/DESC is responsible for the planning, programming, budgeting, and funding of current mission and environmental MILCON, minor construction, maintenance, repair, and environmental compliance (including design) to include emergency projects.

a. MILCON

(1) When MILCON projects are approved and funding is authorized by Congress, DLA will provide the funds via Military Interdepartmental Purchase Request (MIPR) (DD Form 448) and an accompanying DD Form 448-2, Acceptance of MIPR, to the activity designated by the Military Service as the office in charge of executing the project. The designated activity must accept or reject the basic MIPR/MIPR amendment by returning the signed DD Form 448-2 to DLA within 30 days of the MIPR receipt date.

(2) The authority to fund MILCON projects expires within two years if the earmarked funds for that authorized fiscal year are not obligated.

(3) DLA is responsible for obtaining funding through reprogramming if necessary. In those instances where the level of funding falls short of the project programmed amount, DLA will be required to seek Congressional action supported by full justification. If Congress disapproves additional funding, the project will be canceled or reprogrammed. Funds received in excess of requirements cannot be used without Congressional approval.

b. Maintenance and Repair (M&R), Minor Construction (MC) and Environmental Compliance (EC).

(1) DESC shall approve and fund M&R, MC and EC projects through the DWCF. Funds for the approved projects will be provided via Military Interdepartmental Purchase Request (MIPR) (DD Form 448) and an accompanying Acceptance of MIPR (DD Form 448-2) to the activity designated by the Military Service as the office in charge of executing the project. The designated activity must accept or reject the basic MIPR/MIPR amendment by returning the signed DD Form 448-2 to DLA within 30 days of the MIPR receipt date.

(2) The DWCF is nonexpiring; therefore, the funding authority provided on the MIPR is valid from the date of acceptance to project completion. A MIPR citing the DWCF appropriation can be carried over from one fiscal year to the next.

(3) The CINC-JPO or SCP will be provided written notification of all MIPR and MIPR amendments issued.

c. Recurring Environmental Compliance Permits and Fees

(1) Interservice Support Agreement (ISA). DESC shall negotiate an ISA with each activity (supplier) providing recurring environmental compliance support. The ISA will specify the type and estimated cost of support the activity will provide. Such support is envisioned to include the costs of permitting, sampling, testing, removal and disposal of POL wastes, etc., which directly relates to storage and distribution of DLA-owned

product. Costs are defined as recurring if they recur annually or more frequently (monthly, bi-monthly, etc.).

(a) Activities requesting funds for recurring environmental expenses will be supplied an ISA (DD Form 1144), partially completed by DESC, as required. Each activity must complete Part 8 (Supplying Component) of the form, and return it to DESC-RLO.

(b) Upon receipt of the completed ISA, DESC shall furnish each activity with a MIPR for the estimated reimbursement agreed upon in the ISA and an Acceptance of MIPR (DD Form 448-2). The supplier must accept or reject the MIPR/MIPR amendment by returning the signed DD Form 448-2 to DESC within 30 days of the MIPR receipt date. The funding authority provided on this MIPR will expire on September 30 of the fiscal year in which it was issued.

(c) The level of funding required will be tailored to each installation. Where the actual recurring costs exceed the budgeted amount for a given fiscal year, the activity can request an amendment to the MIPR, citing the additional cost. DESC will review the request and prepare the amendment as appropriate.

(d) The management of these funds will be the responsibility of the activity commander, and the activity will be responsible for accounting for these funds prior to replenishment. The ISA will require the activity to provide DESC with a monthly accounting of all funds drawn on this budget.

d. POL Spill Reporting/Funding. The following procedures describe actions to be taken following a POL spill of DLA-owned fuel after October 1, 1992.

(1) A timely spill incident report must be provided to DESC and the appropriate DER/DEO. This may be accomplished by including DESC and the DER/DEO as addressees on the spill incident reports required by individual Services or CINCs.

(2) The "on-the-scene" incident commander is assumed the best able to make appropriate judgments as to immediate actions required. Contractor costs resulting from these emergency actions may be submitted to DESC subsequent to the action for reimbursement.

(3) After immediate spill cleanup actions have been taken, there may be in-depth remediation required, such as cleaning contaminated soil. The plan for remediation and estimated costs should be submitted to DESC prior to commitment. DESC shall review the plan and provide funds as appropriate for the remediation. Delay in determination of remediation required can result in more extensive contamination and more costly cleanup. Activities shall consult DESC-FQ as soon as possible after the incident for assistance in determining methodologies for the most expeditious, cost-effective cleanup of long-term problems if this expertise is required.

e. Emergency Funding Reimbursement. DESC has procedures for funding emergency projects which are outlined in subsection L.10. (message to DESC describing requirement and anticipated costs; expedited funds, same day or next day; the Service activity then follows with project documentation to DESC). In the event of an emergency, the installation commander has the authority to obligate funds necessary to remain in compliance with legal or regulatory environmental strictures with subsequent reimbursement by DLA/DESC.

## 8. Design

a. Applicable Guidance. All POL facilities must be designed using guidance provided in subsection L.2., above, applicable Service type specifications, American Petroleum Institute (API), and National Fire Protection Association (NFPA) Standards. In addition, POL facility designs shall conform to Occupational Safety and Health Administration (OSHA) requirements (or Service equivalent), applicable Codes of Federal Regulations (CFR), and EPA, state, and local environmental regulations.

b. DLA/DESC Oversight. While Service petroleum facility design standards are generally to be used on DLA/DESC-funded projects (if deemed appropriate), in accordance with OASD July 31, 1989 memorandum, subject: Follow-up on OIG Report No. 88-06, Defense Management of Wholesale Fuels, DLA/DESC maintains the ultimate discretion over all DLA/DESC-funded project designs including any design required for construction change orders. In addition, DLA/DESC maintains the right to choose and assign design and/or construction agents for any or all projects. If differences arise between user and agents, activities shall contact DESC-FE for resolution.

c. Document submission. It is important that, if requested, DLA, DESC, CINC-JPOs and SCPs be provided copies of the design review documents from conceptual stages through the final design for any project. Project documents (plans, specifications, and cost estimates) MUST be submitted to DESC when individual repair project cost is \$750,000 or greater.

#### 9. Construction

a. Coordination of Construction Work. The construction manager (Resident Officer in Charge of Construction (ROICC), Resident Engineer, U.S. Property and Fiscal Officer (USFPO), or Base Civil Engineer) will coordinate all construction with the Installation Fuels Management Officer or his duly authorized representative. This will ensure that POL construction work is performed in harmony with terminal operation requirements. Terminal operation requirements will normally have priority over construction work and should be covered by special clauses in the contract.

b. Change Orders. In the case of contract work deviations the ROICC shall obtain prior approval/disapproval from the CINC-JPO or SCP who, in turn, will coordinate with DLA/DESC for all necessary project change orders and funding approval.

c. DLA/DESC Oversight. In accordance with OASD (P&L) memorandum, July 31, 1989, Subject: "Follow-up on OIG Report No. 88-06, Defense Management of Wholesale Fuels", DLA/DSFC maintains the right to choose and assign design and/or construction agents for any or all projects. If differences arise between user and agents, activities shall contact DESC-FE for resolution.

#### 10. Emergency Projects

a. Description. Emergency projects are projects which are urgently needed to restore or repair an existing facility or equipment to its normal operation in the event of sudden malfunction or failure. Examples of emergency projects are a leaking pipeline, pump/motor stoppage, storage tank failures, etc.

b. Notification and Justification. An emergent funding request can be made by message with follow-up transmittal of DD Form 1391, together with cost estimates and photos, if available. Justification for emergency projects shall explain the nature of the emergency and its impact on operations or on the environment. It is imperative that the nature of the accident be accurately described for DLA/DESC approval.

c. Funding. The application of funding for repair projects shall be processed as soon as possible after the malfunction or failure occurs. In the event of an emergency, the installation commander has the authority to obligate funds necessary to remain in compliance with legal or regulatory environmental strictures with subsequent reimbursement by DLA/DESC.

d. Emergency MILCON. Submission of emergency projects for the DLA MILCON program must be made in accordance with DLAM 4270.1, paragraph 3202.

e. POL Spills. See paragraph L.7.d., above, for discussion of spill incident reporting and funding.

#### 11. Actions/Responsibilities

##### a. DFSPs shall:

(1) Identify deficiencies by reviewing and evaluating activity master plans, Annual Inspection Summaries, IG findings, recommendations made

during inspections/visits by Service inspection components or other governmental agencies (i.e., EPA, Coast Guard, etc.).

(2) Use criteria provided in subsection L.4. to determine whether DLA/DESC is the appropriate funding sponsor.

(3) Determine appropriate type of project (MILCON, M&R, MC) using the definitions provided in subsection L.3. and guidance found in DLAM 4270.1.

(4) Develop project documentation in accordance with subsection L.5. This documentation must inherently show or explain in detail why DLA/DESC sponsorship is appropriate.

(5) Submit project documentation IAW subsection L.6. and figures 8-1 and 8-2. This documentation should be submitted via the appropriate chain of command. In addition to project documentation, this submittal shall include a priority list of projects (see paragraph L.5.c.) and the addresses and contact points of the responsible office or the Contracting Officer that will accept the MIPR.

(6) Ensure that the MIPR is processed in accordance with subsection L.7.

(7) Review design plans and specifications and construction procedures to ensure they conform to references in subsection L.2., above, other standards addressed in subsection L.8., and are appropriate to geographical location, intended operational requirements, and facility purpose.

(8) Forward a copy of design plans and specifications, if requested, to DESC, CINC-JPO and SCPs for review and comment.

(9) Forward copies of construction change orders, if requested, to DESC, CINC-JPO and SCPs for review and comment.

(10) Encourage attendance of applicable major claimants at predesign conference, construction contract preaward and final acceptance meeting.

b. CINC Joint Petroleum Offices shall:

(1) Coordinate DESC data calls with DFSPs/Military Service components within their command chain.

(2) Review project documentation to ensure that it is prepared in accordance with subsection L.5. and that sponsorship justification is adequately addressed.

(3) Develop consolidated project priority list using guidance found in paragraph L.5.c.

(4) Forward projects to DESC via the appropriate chain of command.

(5) Represent theater major claimants/commands at the DESC IPRB, as required.

(6) Encourage attendance of applicable major claimants at predesign conference, construction contract preaward and final acceptance meeting.

(7) If required, review design plans and specifications to ensure they conform to references in subsection L.2., above, and other standards addressed in subsection L.8.

(8) If required, review and comment on construction change orders.

c. Service Control Points shall:

(1) Coordinate the DLA/DESC data call with appropriate activities.

(2) Review project documentation to ensure that it is prepared in accordance with subsection L.5., and that sponsorship justification is adequately addressed.

(3) Develop consolidated project priority list for CONUS projects using guidance found in paragraph L.5.c.

(4) Forward projects to DESC.

(5) Review, as necessary, all POL design plans and specifications to ensure they conform to references in subsection L.2. and other standards addressed in subsection L.8.

(6) Provide technical assistance to activities, CINC-JPO, major claimants/commands, DESC and DLA upon request.

(7) Encourage attendance of appropriate representatives at the predesign conference, construction contract preaward, and final acceptance meetings.

d. Defense Energy Regions (PAC and EUR) shall:

(1) Assist CINC-JPO in project validation during project aggregation/prioritization phase.

(2) Validate and inspect selected projects during construction phase of facility maintenance and repair program to ensure appropriate expenditure of funds in accordance with subsections L.4. and L.7.

e. DESC shall:

(1) Receive, validate, and approve project documentation and provide design funding, upon request, to designated design agent.

(2) Review proposed construction plans, specifications, and cost estimates, validate (with the assistance of DERs/DEOs and SCPs) project necessity, approve, and provide funding for proposed M&R , MC and EC projects.

(3) Assure (through review of randomly selected projects by the DERs/DEOs) that projects, as constructed, are in accordance with approved scope, fulfill a valid wholesale requirement, and result in the most economic solution to the existing problem.

(4) Assure that projects are in accordance with facility requirements as outlined in regional fuel support master plans, as these plans are developed. Plans are to be developed in coordination with the Services and final copies provided to SCPs.

(5) Provide a detailed accounting of criteria used in DESC prioritization process to aid CINCs/Services in their respective prioritizations. Route GOCO projects through CINC-JPOs for in-theater prioritization where appropriate.

(6) Ensure that the bulk fuels program complies with all environmental regulatory requirements.

f. DLA shall:

(1) Support valid funding requirements for the DLA/DESC M&R program and environmental compliance costs.

(2) Review project documents and approve/disapprove funding requests for repair projects greater than \$750,000.

(3) Receive, validate, prioritize and support valid requirements for bulk fuels MILCON projects. Budget and fund for these MILCON projects. Provide project management during design and construction.





## CHAPTER 9 -- AFLOAT PRE-POSITIONING FORCE (APF) or FLOATING DFSPs

### A. GENERAL

1. Afloat Pre-Positioning Force (APF) is the term assigned to vessels serving as storage locations in support of war reserve requirements (dry or liquid cargo); for bulk petroleum war reserve stock (BPWRS), the APF vessels become floating DFSPs. BPWRS herein is liquid cargo held in support of military WRM requirements; it is not in the APF bunker. The Military Sealift Command (MSC) provides vessels and operating support under two APF categories:

- a. Maritime Pre-Positioning Ships (MPS).
- b. Pre-Positioning Ships (PREPO or PREPO Tankers).

#### 2. Requirements

a. Unified Commands shall initiate requirements for floating storage (as needed) in coordination with the Joint Staff/J4. With Joint Staff approval, CINCPACFLT shall request DESC to provide floating storage support.

b. DESC shall notify MSC of floating storage requirements and supply APF vessels with fuel from contract sources, DFSPs, or resupply tankers; such fuel is then called BPWRS. NOTE: Loading APF vessels with cargo fuel from dormant stocks is prohibited.

c. BPWRS carried on APF vessels will be issued to military units as directed by the Unified Commands. Release of APF vessels not unit-assigned (i.e., prepositioned ships) must be coordinated through the Joint Staff and CINCPACFLT having command authority.

#### 3. Designating APF Vessels

a. MSC shall designate PREPO tankers in coordination with DESC-B, and MPS vessels in coordination with the Marine Corps.

b. MSC shall provide DESC with the names of APF vessels and the DoDAACs or Unit Identification Code (UIC) if a DoDAAC is not yet assigned. These codes are used to record, control, and supply the prepositioned fuel, and to monitor supply transactions in DFAMS.

#### 4. Funding Responsibility

a. MPS. MSC funds the operating cost of MPS vessels on a reimbursable basis; Service components (such as CINCPACFLT) of the Unified Commands reimburse MSC. DESC funds the BPWRS and retains ownership until issued to end user.

b. PREPO Tankers. DESC will fund/reimburse MSC for the operating cost of PREPO tankers. Cost will be based on a reduced per diem rate consistent with the relative operating activity of the PREPO tanker. DESC shall fund the BPWRS and retain ownership until issued to end user.

5. Data Reporting System. MSC shall develop plans to report inventory cargo data and associated documents to interested DoD components; such plans and alternatives will be concluded in coordination with DESC-F.

### B. ACCOUNTABILITY

1. The management practices/procedures used in accounting for BPWRS (liquid cargo) carried on APF vessels will be consistent with the practices/procedures, etc. of DFSPs on land. The inventory shall be included in the DLA Revolving Fund of DWCF. The BPWRS shall remain owned by DLA/DESC until it is issued for use.

2. The Master or designee of the vessel is responsible and accountable for the BPWRS (liquid cargo). Separate inventory records will be maintained (on the APF vessel) for the liquid cargo and for the bunker fuel.

3. MSC shall report the DoDAAC or UIC of APF vessels. These codes are the "key identifiers" in recording inventory and supply transactions (issues, receipts, inventory adjustments, etc.) in DFAMS.

4. DESC-B shall assign cargo numbers to BPWRS carried on PREPO tankers.  
NOTE: Cargo numbers are not assigned to BPWRS on MPS.

5. DESC-F shall maintain product accountability and reconcile data in DFAMS. An audit trail will be maintained by product for the loading and discharge quantities reported in DFAMS, including gains and losses. Monthly physical inventory reports will be used to reconcile supply records.

6. DESC-F shall function as the Designated Intermediate Control Point (DICP) for supply actions associated with floating DFSPs.

C. DOCUMENTATION. Reports and documents discussed in this section will be reported to DESC-BI/FI with info copies to: COMSC, Washington, DC; theater CINC-JPO and DER/DEO; and other components such as MSC area commanders, MPS squadron commanders, etc., as instructed by MSC.

1. The Local On Shore Quality Representative (QR) shall:

a. Endorse and provide DD 250-1 documents and associated ullage reports on load and discharge transfers.

b. Provide the cause and explanation of intransit gains and losses which exceed the .5 percent (.005) tolerance factor during the "vessel to barge to shore" transfer to the Responsible Officer of the final receiving terminal who will prepare and report a TDR as prescribed in volume II, chapter 9 of this manual.

c. The load and discharge DFSP QR will be responsible for obtaining ullages from vessel and barge transfers. The load or discharge DFSP will request documentation from MSC, when necessary.

2. The Master of APF Vessels, or designee, shall:

a. Maintain quality, inventory, and supply transaction records of the BPWRS (liquid cargo) such as:

(1) Loading documents in support of quantity/quality of fuel (DD 250-1, 1149, 1155; ullage reports; quality test reports).

(2) MSC Reports 4020-2/-3/-4, DD Form 1149 covering issues (sales and transfers at sea), and DD Form 250-1 and associated ullage reports used as the discharge documents.

(3) Forms and memoranda which document operating, intransit, and determinable gains/losses, including transaction gauge records.

b. Endorse DD 250-1 forms and associated ullage reports.

c. Provide MSC Reports 4020-3 and 4020-4 (per OPNAVINST 4020.22A) and associated ullage reports for cargo fuel transfers between APF vessels, APF vessel to Navy fleet oiler/ship, and APF vessel to onboard use. Such reports will include the billing data (document number, supplemental activity address code, signal, and fund codes) for each sale (issue).

d. Provide copies of ullage reports on load/discharge transfers to the Quality Representative (QAR, QSR, or Fuel Inspector/Officer) on shore, prior to departure. Copies of barge ullage reports will be obtained from barge contractors as stipulated in MSC contracts.

e. Conduct a physical inventory: (1) weekly for vessel records, (2) monthly on the first calendar day of each month at 0800 local time, and (3) during (before and after) loads and discharges.

f. Report the cause and detailed explanation of product gains and losses by vessel, include: date of gain/loss, product code (such as JP8, F76, etc.), quantity in barrels to two decimal places, (and cargo number for PREPO tankers) when:

(1) Determinable losses (spillage, etc.) occur.

(2) Intransit gains/losses exceed the .5 percent (.005) tolerance factor during the "shore to barge to APF vessel" transfers.

(3) Operating gains/losses exceed the 0.5 percent (.005) tolerance factor. (Operating gains/ losses within the .005 tolerance factor are computer reconciled by DFAMS monthly, thus no additional data required.)

g. Report cargo/inventory data:

(1) Monthly by noon on the first calendar day of each month; sum up cargo data for previous month.

(2) Weekly when loads, discharges, and sales occur, on the first Friday after each occurrence; report every transaction as a single entry.

#### D. FLOATING DFSP MESSAGE REPORT (MODIFIED DLA 1884 REPORT)

1. A modified DLA 1884 message report will be used to report cargo data: inventory, loads, discharges, sales and associated billing data, etc. This report is exempt from "minimize" restrictions.

2. MPS squadron or MSC area commanders will consolidate the data for APF vessels under their control. Reports will be structured by APF vessel. Monthly Floating DFSP Message Reports (single or combined) should arrive at DESC no later than the third day of the month.

3. Cargo inventory data will be reported to DESC-BI/FI with info to COMSC, theater CINC-JPO, and DER/DEO (and other units such as MSC area commander, COMPSRON, etc. as instructed by MSC) in the following modified DLA 1884 message format:

Heading

Subject: Floating DFSP Report.

APF Vessel: Name and DoDAAC (or UIC) on a single line.

Central Contact Point: Name and phone number (DSN/COM) of the person who can assist in providing additional data.

Section I (cargo data in thousands of barrels):

Col A: product code (JP8, F76, etc.).

Col B: total receipts/gains.

Col C: total issues (include sales, transfers, and losses).

Col D: total sales only.

Col E: physical inventory.

Col F: usable storage capacity.

Section II (discharge cargo data in thousands of barrels):

A. Cargo Discharged: DoDAAC of receiving DFSP, product code, quantity, (and cargo number for PREPO tankers).

B. Cargo Awaiting Discharge: DoDAAC of DFSP, product code, quantity, (and cargo number for PREPO tankers).

Section III (cargo data in barrels to two decimal places):

A. Physical Inventory: date/local time, product code, and quantity.

B. Cargo Loaded: date, DoDAAC of loading DFSP, product code, quantity, document number (and cargo number for PREPO tankers).

C. Cargo Discharged: date, DoDAAC of receiving DFSP, product code, quantity, document number (and cargo number for PREPO tankers).

D. Sales (issues): date, product code, quantity, and billing data (document number, supplemental activity address code, signal code, and fund code) for each issue. Single issues less than 4,200 gallons (tug boats, etc.) may be accumulated and reported as a sum total in the monthly MSC 4020-4 Discharge Report.

E. Gains/Losses: date, product code, and quantity.

F. Port Facilities: report changes (temporary or permanent) that will improve or delay load and discharge capability.

#### E. APF QUALITY AND QUANTITY CERTIFICATION PROCEDURES

1. The Quality Representative (QAR, QSR, or Fuel Inspector/Officer) who is locally stationed on shore will be present to certify the quality and quantity of cargo fuel at the following transfers, unless otherwise instructed below:

a. Shore to vessel. Quantity loaded will be the net shore quantity at 60° F or 15° C and recorded on DD Form 250-1. Quantity received will be the net vessel quantity at 60° F or 15° C (adjusted to trim corrections) and recorded on ullage reports.

b. Vessel to shore. Quantity discharged will be the net vessel quantity at 60° F or 15° C (adjusted to trim corrections) and recorded on ullage reports. Quantity received will be the net shore quantity at 60° F or 15° C and recorded on DD Form 250-1.

c. Shore to barge to vessel. Shore to barge quantity will be the net shore quantity at 60° F or 15° C and recorded on the DD Form 250-1. Barge to vessel quantity will be the net vessel quantity at 60° F or 15° C (adjusted to trim corrections) and recorded on both the barge and vessel ullage reports. NOTE: The quality representative on shore will be present at both transfers (shore to barge and barge to vessel). In some instances the shore QR is only present for shore to barge transfers and the MSC QR is responsible for barge to vessel transfers.

d. Vessel to barge to shore (lightering). Vessel to barge quantity will be the net vessel quantity at 60° F or 15° C (adjusted to trim corrections) and recorded on both the vessel and barge ullage reports. Barge to shore quantity will be the net shore quantity at 60° F or 15° C and recorded on DD Form 250-1. NOTE: The quality representative on shore will be present at the barge to shore discharge only.

2. The Master or designee of the vessel will be present to certify the quality/quantity of cargo fuel at the following transfers:

a. Vessel to vessel. Quantity issued and received will be the net vessel quantity at 60° F or 15° C (adjusted to trim corrections) and recorded on MSC 4020 series reports and associated ullage reports. Net vessel quantity will be mutually agreed to by both vessel representatives. In case of unresolved issues or disagreement, quantity will be based on ullage readings of the discharging vessel.

b. Vessel to Navy fleet oiler/ship. Follow instructions in volume II, chapter 5, section G. of this manual.

c. Vessel to retail unit on ship (vehicle, bunker, etc). Quantity will be the net vessel quantity at 60° F or 15° C (adjusted to trim corrections) and recorded on MSC 4020 series reports.

#### F. QUALITY SURVEILLANCE (QS)

1. Responsibility. See volume II, chapter 7, section C of this manual which concisely states: the agency who has custody of the fuel or contracts for the fuel storage facility has QS responsibility (either by direct custody at GOGO storage facilities or by indirect custody at GOCO/COCO storage facilities). QS responsibility may be delegated between agencies in MOUs or ISAs; in these cases, contracts are prepared or amended consistent with terms in the MOU or ISA.

2. Stock Rotation Program. See chapter 7, section F. of this manual for the stock rotation program and functional responsibilities.

3. Weekly Functions. Conduct weekly inventory ullages, temperature, and water cuts on all cargo compartments.

4. Product Sampling and Testing. MPS vessels use a standard operating procedure which includes a quality control plan. Minimum sampling and testing requirements for all APF vessels are as follows:

a. Sample each cargo compartment upon arrival at the APF vessel station and then at least every 90 days.

b. All level samples for each compartment and a composite sample for each product aboard the ship are required. Cargo compartment samples will be one quart in volume. Samples will be tagged with the sample number, source, and test to be performed, and mailed to the nearest testing facility.

c. Lab tests will be conducted IAW MIL-HDBK-200; if unable to complete all tests, mail adequate samples to another lab:

(1) Cargo Compartment Samples - Perform Type C test. In cases where water cut is positive on turbine fuel compartments, test for FSII content. If Type C tests indicate possible product contamination, do Type B-3 tests to determine extent of contamination.

(2) Composite Samples - Perform Type B-2 tests.

(3) Sample Failure - If product sample fails a specification limit, take another sample for testing.

(4) Reporting - Report results by cargo and compartment number to the APF vessel, respective CINC-JPO and Defense Energy Region, and DESC-BQ. Promptly notify the preceding organizations by priority message when second test results confirm that product is "off-grade" (off-specification).

## CHAPTER 10 -- ACCOUNTABILITY

A. GENERAL. This chapter prescribes accounting/reporting procedures for bulk fuel at DFSPs. Such procedures shall be incorporated in bulk storage contracts for COCO/GOCO DFSPs and in agreements negotiated for Foreign Governments (FG) and North Atlantic Treaty Organization (NATO) DFSPs which intend to receive, store, or issue DLA-owned fuel.

### B. FUNCTIONAL RESPONSIBILITIES

1. Accountability (DoD Policy). DoD Components are accountable for government property (includes petroleum products) under their control. Members of the Military Services/Reserves and National Guard and DoD civilian employees shall be assessed financial liability when Government property is lost, damaged or destroyed as a result of their negligence, or willful misconduct, or deliberate unauthorized use (re: DoD 7200.10-M, Accounting and Reporting for Government Property Lost, Damage, or Destroyed).

#### 2. Appointing and Assigning Responsible Officers (RO)

a. GOGO DFSPs. Military Services, in custody of DLA-owned fuel, shall appoint U.S. Government employees (military or civilian) proficient in fuel discipline/management functions as the Responsible Officer (RO) for care and safekeeping of government POL property. Documents appointing such officers will be filed at their unit. The appointing office will promptly advise DESC-FI of the name, rank/grade, and phone number of the person appointed and the DFSPs assigned to that person for exercising duties outlined in paragraphs C.3.b. and C.3.c., below. Appointment and assignment of RO may terminate only when another such officer is appointed and assigned to the DFSPs. The RO at GOGO DFSPs shall:

- (1) Exercise care and safekeeping of DLA-owned product.
- (2) Ensure the DLA 1884 Report is reported on time.
- (3) Ensure accountable records/reports are maintained.
- (4) Ensure that all receipts, issues, transfers, losses, adjustments, and physical inventories are properly documented and reported on time in DFAMS IAW instructions in volume V, appendix B of this manual.
- (5) Investigate/research operating-storage discrepancies and initiate/certify DD Form 1348-8 (Inventory Accounting Document) and DD Form 200 (Financial Liability Investigation of Property Loss), if needed, within 14 days after detection of gain or loss IAW guidance in subsections C.2. and C.3. and document intransit discrepancies with TDR (SF 361) as discussed in subsection D.5., below.

b. FG/NATO DFSPs. Military Services and DESC involved in storage agreements with foreign governments shall appoint a responsible officer who shall represent the U.S. property interest in such agreements. ROs for FG/NATO DFSPs shall:

- (1) Ensure host nation complies with terms of the bilateral agreement and related technical arrangements.
- (2) Be the liaison officer between the United States and the host government for matters pertaining to the quantity and quality of DLA-owned product in storage, unless otherwise designated in the bilateral agreement or by the cognizant Military Service.
- (3) Ensure quantity/quality discrepancies of DLA-owned product are reported to DESC-F/BQ and area DERs/DEOs/JPOs consistent with Disposition Procedures in MIL-HDBK-200.
- (4) Ensure the Bulk Petroleum Terminal Message Report - RCS: DLA(W)1884 (DESC)MIN is prepared and reported on time.
- (5) Ensure supply transactions such as receipts, issues, and inventories are properly documented and reported on time in DFAMS.

(6) Ensure accountable records and reports are maintained for the Accountable Officer (AO).

(7) Investigate/research operating-storage discrepancies and initiate/certify DD Form 1348-8 (and DD Form 200 if needed) within 14 days after detection of gain or loss IAW guidance in subsections C.2. and C.3., below; and document intransit discrepancies on SF 361 (TDR) as discussed in subsection D.5., below.

c. GOCO/COCO DFSPs. ROs are not assigned to GOCO/COCO DFSPs. Care and safekeeping of Government POL property is assigned to the contractor by contract. Contractors are accountable for all Government property (POL, etc.) at GOCO/COCO DFSPs. Pursuant to contract provisions, contractors are required to control, protect, preserve, and maintain such property IAW FAR subpart 45.502. However, property administrators (PAs) are assigned to GOCO/COCO DFSPs to protect the Government's interest; see chapter 2, section D., of this volume for contract property administration.

3. Auditing FG/NATO DFSPs. Bulk petroleum products will be audited IAW guidance in DoD Directive 7600.2, unless otherwise stated in country- to-country bilateral agreements. DoD Components negotiating agreements with FG or NATO agencies to receive, store, and issue DLA-owned product should discuss a clause which would allow U.S. personnel to independently audit the DFSP; if such a clause is not incorporated, the agreement will state: "U.S. independent audit is not authorized."

#### C. REPORTING INVENTORY AND ASSOCIATED TRANSACTIONS

1. A Weekly Inventory. A weekly inventory of DLA-owned product (including common carrier pipelines) will be accomplished as of 0800 each Friday. Volume measurements and corrections to 60°F (or 15°C) will be accomplished as prescribed in ASTM/IP. Reference section K of this chapter for further guidance.

2. Monthly Inventory. DFSPs shall conduct a monthly physical inventory of DLA-owned product (including product in pipeline breakout tanks) as of 0800 local time on the first calendar day of each month. Volume calculation and corrections such as temperature adjustment to 60°F (or 15°C when using metric system) will be conducted IAW guidelines in chapter 5 of this volume.

3. Reporting Inventory Data - DD Form 1348-8 (DIC P41). See volume V, appendices A47/B29 of this manual for DFAMS instructions. Inventory taken as 0800 on the first (1st) of each month represents the amount of product onhand (in stock) as of 2400 on the last day of the prior month. Thus, P41 report dates are always the last day of the preceding month.

a. Physical inventories will be adjusted to reconcile issues and receipts of product between the last day of the month (2400 hours) and the day/time of the monthly physical inventory, as follows:

(1) For issues (P2\_) or receipts (P3\_) in progress at midnight on the last day of the month, report the entire transaction (document, serial numbers, and completed action date) as taking place in the next succeeding month.

(2) DFSPs may use the opening ullage measurement associated with the preparation of such issues and receipts in calculating the end-of-the-month physical inventory. NOTE: At DFSPs with multiple tanks, the tanks not involved in the issue or receipt of fuel will still be inventoried at 0800 hours on the first day of the month.

b. DESC will reconcile accounts monthly IAW procedures provided in volume V, chapter 4 of this manual. See volume V, appendix A54 for a sample of a DFSP Inventory Reconciliation Document Register; it is printed when the inventory reconciliation process is completed.

4. Inventory Adjustment Document (IAD) - DD Form 1348-8 (DIC P42). See volume V, appendices A50 and B30 for DFAMS reporting instructions. IADs are used to adjust stock records (book) to physical inventory.

a. ROs/PAs shall certify IADs (P42). IADs will be filed at DFSPs as auditable source documents; copies will be promptly mailed to arrive at DESC-FI by the 15th of the month for those variances that exceed the allowable operating storage tolerances.

b. NOTE: Inventory variances within tolerance factors are reconciled by DFAMS computer generated inventory adjustments (DIC P42) with a fixed transaction sequence number 9999. Such inventory adjustments are reported in the DFSP's Inventory Reconciliation Document Register which is used as the audit source document; thus, DD 1348-8 is not required for computer generated P42 transactions. Nevertheless, DFSPs shall verify P42 loss/gain quantities; discrepancies with book losses/gains data will be researched to reconcile the variance within 30 days.

c. IADs shall be used to adjust inventory records when:

(1) The accountable officer requests it.

(2) Inventory variances (discrepancies) exceed tolerance factors in paragraph D.2.b., below.

(3) Determinable losses such as contaminated fuel, spills, fire, pipeline ruptures, and explosions; see subsection D.4., below, for further reporting instructions. For losses of product samples (five gallons or more) shipped to testing labs; the lab is the consignee. Quantities less than 5 gallons are not reported in DFAMS.

5. DD Form 200 - Financial Liability Investigation of Property Loss. This document will be initiated in connection with DD 1348-8 (DIC P42) when there appears to be or there is evidence of negligence, willful misconduct, or deliberate unauthorized use/disposition of the product. IADs and DD Form 200s substantiate adjusting inventory records with the inventory on-hand. For complete guidance in processing DD Form 200, see DoD 7200.10-M (see reference index) as follows:

a. Chapter 1, Introduction.

b. Chapter 2, Procedures to Account for Lost Property.

c. Chapter 3, Approving and Appointing Authority.

d. Chapter 4, Financial Liability Officer Qualification and Responsibilities.

e. Chapter 6, Preparing DD Form 200.

f. Chapter 8, Supply System Materiel (documents/ criteria).

6. Changing Product Grade/Condition - DD Form 1348-8 (DIC P43). See volume V, appendices A47 and B31 of this manual for DFAMS reporting instructions. DFSPs will retain original copy. Fuel "off-spec" or beyond intra-governmental receipt limits will be reported to DESC-BQ for disposition instructions IAW guidance in MIL-HDBK-200 and chapter 7, sections F. and G., of this volume; DESC-FI will be fully informed of such conditions. DFSPs will obtain DESC-BQ approval prior to initiating the following P43 transactions:

a. Regraded Product. Product which is treated or blended to be used as another product. Product may be from tank bottoms or pipeline intermixes temporarily stored in slop or holding tanks at DFSPs. Intermixes of DLA-owned product and commercial fuel will be handled on a case-by-case basis.

Accounting for pipeline intermixes, Military Services and Unified Commands who negotiate agreements with commercial companies or FGs to handle, account, or dispose of pipeline intermixes shall do so in coordination with DESC-F.

b. Restored Product. Product which does not meet specification limits but is restored within intra-governmental receipt limits by blending other product at the DFSP or with future receipts, dehydration, local filtration, or by injecting fuel additives. DFSPs may use a monthly summary record for

reporting. The fuel will be reported as on-hand inventory with the applicable condition code.

c. Downgraded Product. Product not suitable as the original grade but can be used as a lower grade of the same or similar product (e.g., from JP5 to F76).

d. Additives (FSII, etc.). Report loss of inventory when additive is injected in jet fuel as DIC P43 with an "A" in rp 44 (for type identity change). This will reduce the additive inventory balance and increase the jet fuel inventory by the P43 quantity reported. Reference chapter 4, section G., of this volume.

e. Slop Fuel. "Off-spec" fuel not meeting intra-governmental receipt limits and not able to be blended or downgraded to a usable product; may be drawn-off slug for tank bottoms, line slug or vessel. Slop inventory will be held in separate tanks. Reference Chapter 4, section G., of this volume.

7. Disposal of Product to DRMO - DD Form 1348-7 (DIC P28)

a. See volume V, appendices A24 and B17 of this volume for DFAMS reporting instructions. Prepare three copies by fuel grade, NSN, quantity, and indicate the name and title of the person who condemned the product and directed it for DRMO; mail copy to DESC-FI.

b. Fuel "off-spec" or beyond intra-governmental receipt limits will be reported with product specification to DESC-BQ (with info copy to DESC-FI) for disposition instructions IAW MIL-HDBK-200 and chapter 7, sections F. and G., of this volume. When advised by DESC-QE, unusable slop fuel may be shipped to DRMO for disposal.

c. Fuel may be "on-spec" but excess to DoD requirements. See section J., below, for program guidance in coordinating excess stock with the Military Services, DRMS, and DRMOs.

8. Slop Fuel for Release to Fire House - DD Form 1348-8 (DIC P42)

a. See volume V, appendices A24 and B18 for DFAMS reporting instructions. DFSPs shall prepare three copies and indicate the name and title of the person who condemned and authorized such transfer.

b. Fuel "off-spec" or beyond intra-governmental receipt limits will be reported with product specification to DESC-QE (with info to DESC-FI) for disposition instructions IAW MIL-HDBK-200 and chapter 7, sections F. and G., of this volume. Fuel "off-spec" to the degree that it is unusable at any grade may be given to base fire departments for training purposes.

c. DFSPs will coordinate such action with the base fire marshal to ensure: (1) quantity is adequate for training and (2) setting fire to fuel is allowed by the base commander and/or local authorities.

d. Slop from Vessel - DD Form 1348-8 (DICs P42/P43. DLA-owned slop fuel not meeting specification product (e.g., line flush, tank bottoms, interface intermixes, vessel deballasting) is often accumulated in significant quantities in terminal slop tanks. For accounting purposes, DLA-owned slop fuel will be reported and documented in DFAMS. In cases where Military Service-owned and DLA-owned slop fuel are commingled, the DLA-owned slop fuel may be estimated. Accounting procedures regarding DLA-owned slop fuel inventory is as follows:

(1) Product in the inventory that is determined unsuitable for use and placed in slop tanks will be recorded under the slop NSN (9130-01-036-2767) and reported through DFAMS. Each transaction will be documented on a DD Form 1348-8 (P43 transaction for downgrade of product). Excessive gains to the slop fuel account will be documented on DD Form 1348-8 (P42). Type adjustment code "K" will be entered in the document.

(2) Periodically, small quantities of slop fuel may be blended with other fuel stored in the terminal to produce product within specifications. When this occurs, the quantity transferred will be documented on DD Form 1348-8 (P43 transaction).

9. Product Capitalized/Decapitalized - DD Form 1348-8 (P9C/P9D). See volume V, appendices A47 and B73 of this manual for DFAMS reporting instructions. This transaction represents an event whereby ownership of product transfers between the Military Services and DESC; inventory remains in place. Such an event takes place by mutual agreement or DUSD(L) direction.

10. DFAMS Product Table. This table identifies NSNs stocked by the DFSPs when the product code is not registered. DFSPs shall promptly notify DESC-FI to update the table. Reference volume V, appendix A62 of this manual.

#### D. OPERATING-STORAGE AND INTRANSIT VARIANCES (LOSSES/GAINS)

##### 1. Property Management Guidelines

a. DoD 7200.10-M (see reference index) provides guidance for accounting, investigating, and reporting government property losses at GOGO DFSPs (base-level/intermediate); it prescribes responsibilities for accountable, responsible, and financial liability officers.

b. DoD 4161.2-M, Contract Property Administration, provides guidance for protecting losses of Government property in the possession of contractors (GOCO/COCO DFSPs); also see chapter 2, section D., of this volume.

c. Operating-storage and intransit quantity discrepancies are subject to continual research in an effort to reduce fuel losses, improve operating efficiency, and to determine whether operating procedures or conditions require corrective action. Quantity variances must be reviewed monthly by ROs and by higher officials as deemed appropriate. Repetitive low dollar value losses should be researched providing the investigative costs are not prohibitive. Preventing losses requires constant vigilance by all concerned through vigorous research, sound inventory practices, and good housekeeping.

d. ROs/PAs shall investigate excessive variances; data records and shipping/receipt documents will be researched to determine the cause of the discrepancy. NOTE: Excessive variances mean fuel losses/gains exceed the tolerance factor stated in paragraph D.2.b. Accountable losses will be documented on DD Form 1348-8. If DD Form 200 is initiated, the appointing authority of the RO/AO shall review the DD Form 200 and determine if a financial liability officer is needed to conduct further investigation (see DoD 7200.10-M, chapter 2 for guidance). Results of investigations will be reported to DESC-FI. Intransit variances for DFSP pipeline transfer will be monitored monthly. If the monthly gain/loss exceeds the allowable tolerance then a TDR, SF 361, will be required. Daily transfers will be monitored to internally police integrity of DFSP transfers and out of tolerance variances will be consolidated on a monthly basis and reported in accordance with DESC reporting procedures.

e. Overseas SAPOs will promptly notify the appropriate JPO/DER when there are excessive losses (pipeline rupture, etc.) or imminent conditions which could interrupt the in-country supply readiness posture.

##### 2. Tolerance Criteria/Factors

a. Inventory Variance Expectancy. Some variance in handling and storing fuel is unavoidable. Losses vary to some degree by volume of product, tank configuration (such as fixed or floating roof), mode of delivery, and prevailing weather. Vaporization is unavoidable due to agitated pumping movement, winds blowing over tank vents, and high temperatures. Thus, a "tolerance criteria" was developed after years of research; see paragraph D.2.b., below.

b. Tolerance Factor. This term represents the amount of fuel which might be lost or gained under normal operating conditions. Losses or gains which exceed tolerance factors will be investigated to determine cause; documents and circumstances will be researched until the discrepancy is resolved. Inventory documents will be adjusted by the actual quantity lost or

gained. As discussed, petroleum products are subject to losses and gains due to volumetric fluctuations by evaporation, temperature changes, spillage during loading/discharge, etc.; thus, standard tolerance factors:

STANDARD TOLERANCE FACTORS

Type of Bulk Fuel	Intransit 1/	Storage 2/
Aviation and Motor Gas (130, MG1, MUR, etc.)	.50%	.50% 3/
JP4 (Only)	.50%	.30%
Jet Fuel, Distillates, Residuals (JP5/JP8/DF2, F76, etc.)	.50%	.25%

1/Commercial Pipelines: PL operating agreements determine tolerance factors for intransit variances and associated breakout tanks. 2/Floating Storage DFSPs: factor is .50% regardless of the product. 3/Percentage factors: 50% equals 1/2 of one percent (or .005), etc.

c. Calculating Loss/Gain Percentages

(1) Operating-Storage. Divide quantity gained or lost for the month (variance between book and physical inventory) by the sum of the beginning inventory, receipts, and gains through regrade and additive injections; multiply by 100 for percentage factor. Example of computing a gain percentage:

Recorded (book) inventory	6,631,236 gals
Physical (gage) inventory	6,633,045 gals
Gain (line 2 exceeds line 1)	1,809 gals
Beginning inventory	6,993,010 gals
Total receipts (include regrade/additives)	64,634 gals
Sum of beginning inventory plus receipts	7,057,644 gals

Compute % gain:  $1809 \div 7,057,644 = .0003 \times 100 = .03\%$  gain

(2) Intransit. Divide quantity gained or lost by the quantity shipped; multiply by 100 to convert the decimal figure to a percentage factor. Example

of computing a loss percentage:

Quantity loaded (DD Form 250-1, block 25)	200,000 bbls
Quantity discharged (per shore tank gages)	199,500 bbls
Loss	500 bbls

Compute % loss:  $500 \div 200,000 = .0025 \times 100 = .25\%$  loss

3. Operating-Storage Variances - fuel losses/gains at DFSPs under routine operating conditions. Paragraphs D.2.a. and D.2.b., above indicate conditions which causes fuel losses and inventory to fluctuate. NOTE: Inventory variances will be researched when the combined-total inventory variance at the DFSP exceeds the tolerance factor in paragraph D.2.b., above, (each tank, document, etc. will be researched). Product losses "within tolerance" and exceeding past experienced factors must be investigated by the RO at GOGO DFSPs and by the property administrator for GOCO/COCO DFSPs.

4. Determinable Variances - fuel losses at DFSPs which are readily measurable and not considered routine operating losses. See subsections C.2. and C.3., above, for investigative and reporting instructions. Such product losses fall into three categories:

a. Peacetime Losses - Losses caused by pipeline ruptures, tank overflows, spills, fire, and unrecoverable fuel at tank bottoms.

b. Combat Losses - Losses caused by hostile activity in a combat environment where fuel is contaminated or destroyed. Combat losses will be documented on DD Form 1348-8/IAD (DIC P42) until the CINC-JPO

declares/implements "alternate accounting procedures" in a national emergency or combat zone (see policy guidance in section N., below). See subsection C.3., above, for IAD instructions (DD Form 200 is not required). DD 1348-8 will include the cause of fuel loss such as fire, tank rupture, or fuel contaminated by debris, with the following certification to be signed and dated by the RO or PA and approved by the unit commander or designee:

"Inventory adjustment is due to combat losses: (describe incident)."

c. Major Disasters - losses caused by nature such as hurricanes, floods, storms, lightning, or earthquakes. Include the cause of loss and a signed certification statement on DD Form 1348-8 (IAD) as discussed for combat losses in paragraph D.4.b., above.

5. Intransit Variances - In DFAMS, an intransit variance is the difference between the quantity shipped and the quantity received. This category does not include transfers between storage tanks at a single DFSP nor pipeline transfers between tank farms under a DFSP complex. The following guidelines apply to the transportation modes indicated in paragraphs D.5.b. and D.5.c., below:

- DERs/DEOs shall direct and oversee investigations for variances exceeding .50 percent.
- Excessive variances are investigated by ROs/ PAs and offices that arrange transportation such as SAPOs for overseas DFSPs. Data records and documents will be researched and attached as exhibits TDRs (SF 361). Copies of TDRs/exhibits shall be filed with local accounting records and original will be mailed in accordance with the TDR Distribution Table on the following page.
- Contract terms that provide special "variance provisions" will preempt the DoD standard .50 percent factor used for determining/reporting discrepancies.
- Fuel losses and gains are calculated at the final discharge point.
- DESC standard prices are used in calculating dollar variances.
- FOB acceptance at destination shipments: quantity shipped to DFSPs will be reported in DFAMS with DIC P30 data only; the shipper forfeits variances.
- FOB acceptance at origin shipments: quantity shipped to DFSPs will be reported in DFAMS with both DICs P20 and P30 data. Quantity shipped and received may differ.
- Quantity shipped between DFSPs will be reported in DFAMS with DICs P22 and P32 data.

a. Intermodal Tank Container/Tank Truck/Tank Car (FOB Acceptance at Destination). The quantity received at DFSPs is reported in DFAMS with DIC P30 data only. See chapter 5, section F., of this volume for conditions of the tank truck/car, product, etc. and alternative actions to be initiated (TDRs, etc.) if such conditions have not been fulfilled.

b. Intermodal Tank Container/Tank Truck/Tank Car (FOB Acceptance at Origin). TDRs are required when commercial or military truck/car shipments of DLA-owned fuel exceed the .50 percent factor. Quantities shipped from contractor-operated DFSPs are reported by the DERs/DEOs. Quantity received is reported in DFAMS by base-level DFSPs. Shipments between base-level DFSPs are shipped as FOB acceptance at origin. Qty shipped is accepted as quantity received at DFSPs unless conditions in chapter 5, section F., of this volume apply.

c. Tanker and Barge (DD Form 250-1). Excessive variances in shipping/receipt quantities (more than .50 percent) will be detailed on the shipping document (DD Form 250-1) by the final destination QR or RO at GOGO DFSPs as follows:

- (1) Indicate amount and cause of any carry-away product.
- (2) Check tank gauges, line capacities, and all quantitative measurements in an effort to determine cause.

(3) Request assistance from QRs, who will provide data useful in determining the cause of the variance, at loading point(s) and at intermediate discharge points (discharges at two or more locations). If the difference between the ship and shore quantities is more than one half of one percent (.50 percent), an investigation will be performed immediately to determine cause and a statement as to the cause of the variance provided in block 28 of DD Form 250-1.

(4) If possible, obtain signed statements by other personnel and witnesses who have evidence or knowledge of data causing the variance.

(5) Investigating and assisting officials (QRs) will document and sign statements of findings and recommendations.

(6) Investigative data, findings, and recommended action will be reported to the investigating official (AO) within 14 working days from the date of request to provide assistance. Findings and associated data may be reported by phone or message; then documents promptly mailed.

(7) DD Form 250-1 will be corrected consistent with final results of the investigation.

d. Tanker and Barge (TDRs). Transportation Discrepancy Reports (TDRs) are used to document/report excessive variances for contractor and military-operated barges and for MSC-controlled tankers which discharge fuel at GOGO DFSPs. TDRs will be reported by the accountable property officer as follows:

(1) In CONUS, commercial barges/lake tankers are under operating agreements between carriers and DER/DEOs. Excessive variances are investigated by DER/DEOs. Copies of shipping documents (DD Form 250-1, ullage reports, etc.) will be mailed to DER/DEOs.

(2) TDRs are not used for reporting excessive variances of shipments to GOCO/ COCO DFSPs. Such variances are reported by the terminal operator to the PA per FAR, subpart 45.5. PAs with QRs' assistance shall investigate/document excessive variances and recommend claim action to the Contracting Officer, as warranted and provide DESC-FI with an info copy.

(3) Product losses/gains are calculated at the final discharge point. ROs at GOGO DFSPs will initiate a TDR when variances exceed the .50 percent factor; and will submit the following data for complete analysis with the TDR to DESC-FI (within 14 days after detection of gain or loss) as follows:

(a) Copy of DD Forms 250-1 loading/discharge report.

(b) Copy of vessel bunker survey reports taken at load and discharge points (prior to and after loading and discharging).

(c) Copy of vessel ullage report showing quantity aboard the vessel at the loading port, and copy of the ullage report showing quantity aboard prior to final discharge port. Intermediate discharge points will include ullage reports prior to and after discharge of fuel. Reports will indicate the product and water gages of each compartment in feet and fractions of inches, product temperature, gross volume at ambient temperature, and net volume at 60°F or 15°C.

(d) Detailed statement relative to the amount and cause of any carry- away product and final disposition of carrier.

(e) Investigative results at origin, intermediate, and final discharge points.

(f) Shore tank gage quantity calculation records from loading and discharge ports.

(g) Vessel Dry Tank Certificate, and other documents which may be useful in researching the cause of the discrepancy.

(5) The final discharge point (receiving activity) shall prepare and distribute TDRs with supporting documentation within 14 work days of detecting the excessive loss, in accordance with the following table:

TDR DISTRIBUTION TABLE

TYPE			POINT OF	RECEIVING
SHIPMENT	DESC-OS	DER/DEO	ORIGIN	ACTIVITY
MSC Tanker	Orig.		*	Retain 1 Copy
Military				
Barge	Orig.		*	Retain 1 Copy
CONUS Contractor- operated Barges/Tankers		Orig.	1 Copy	Retain 1 Copy
Overseas Contractor- operated Barges/Tankers				Retain 1 copy
Military	1 Copy	Orig.	**	Retain
Tank Car Military	1 Copy	Orig.	**	1 Copy Retain
Tank Truck Military	1 Copy	Orig.	1 Copy	1 Copy Retain
Pipeline		and 1 Copy		1 Copy
Other Commercial P/L	1 Copy	Orig.		Retain 1 Copy

(not covered by carrier tariff agreements)

\*One (1) copy to terminal/activity arranging transportation. \*\*The original will be provided to the activity or Military Service arranging transportation (TT/TC/Intermodal tank container) when GOGO DFSPs are the recipient of the fuel.

(6) Final action on TDRs relating to shipments via MSC tanker will be taken by DESC. When DESC recommends the carrier be held liable, associated documents will be mailed to the Commander, MSC for final determination of liability and collection of charges. Bases will not prepare a billing adjustment/allowance; DESC will reconcile quantity received and bill accordingly.

e. Pipeline (PL). Receiving units will indicate the quantity received on shipping documents and sign/mail copies IAW distribution tables in volume V, appendix A28.

(1) Commercial/Foreign Government Pipelines. Pipeline "operating agreements" govern how shipping variances are reconciled with commercial PL companies. When pipelines are foreign government-owned, variances are governed by agreements with foreign countries; thus, SF 361 (TDRs) are not used in such cases. The military agency (DERs/DEOs and SAPOs), who negotiate/conclude pipeline arrangements, shall investigate and reconcile excessive variances.

(2) U.S. Military-Owned Pipelines. TDRs will be prepared by the receiver when excessive variances occur at U.S. military-owned PLs (such as Searsport PL to Loring AFB and Craney PL to Norfolk NAS). TDRs (original/one copy) shall be mailed to DERs/DEOs for review/ final determination of how to reconcile the discrepancy. DERs/DEOs will determine probable cause, liability costs, corrective action and so indicate in the TDR or on an attached paper. Completed TDRs/associated documents (originals) will be filed at DERs/DEOs; copies of such TDRs and documents along with DER/DEO final determination action indicated will be mailed within 14 days to DESC-FI and to the contractor or military unit who operates the PL. (DESC-FI will adjust billing data as needed.) DLA DWCF actual costs will be used in calculating dollar variances and liability costs.

f. TDR Processing Procedures. TDRs are processed as follows:

(1) Receiving locations (except MSC tankers/military operated barges) will initiate TDRs with exhibits and mail originals to the respective DER/DEO (DESC shall receive original TDR for MSC tankers and military-operated barges). The transportation officer and supply manager at DERs/DEOs shall ensure TDRs are complete. DERs/DEOs will provide shipping and price data.

(2) Carrier liability shall be determined by the DERs/DEOs. DERs/DEOs will complete TDRs and prepare an invoice or claim on the carrier as appropriate. If it is determined that the carrier is not liable, such a statement will be included in the TDR. After final review/consideration of recommendations for final disposition, the DER/DEO Commander shall enter his findings in block 43 - remarks (SF 361).

(3) TDRs and auditable source documents (originals) will be filed at DERs/DEOs; copies will be mailed to DESC-OS only upon request for review and to monitor associated transactions when identifying trends indicate excessive transits. As needed, DESC-OS shall prepare a special corrected receipt transaction for DFAMS to adjust the billing data (DIC P30/P31 format with correction code X in rp 21 and the actual quantity received in rp 23-29). Billing will adjust automatically.

(4) For product returns (carrier leftover or receiving problems), DFSPs shall prepare/distribute a corrected document with the adjusted quantity received by the consignee; other data will remain identical to the original shipping document. Reason for the leftover (plus added bill of lading for backhaul costs) will be noted on the corrected document. The original trans- action in DFAMS will also be changed so that DESC-FI can adjust the billing data.

g. SF 361 - TDR (Revised 3-84) Guidance For Bulk Fuel

Block	Topic	Instructions
20.	Acquisition Document and Transportation Control Number	Enter contract/order number for shipment from refineries. Enter the requisition number or the terminal release order
	number	for shipments from DFSP. Enter the transportation number if assigned.
21.	Commodity and NSN	Enter NSN and product code.
22.	Type of Pack	Enter bulk.
23.	Quantity Discrepant	Enter the number of gallons.
24.	Cause Code	(blank).
25.	Unit of Issue	Enter GL for gallons.
26.	Units Billed/Shipped	Enter quantity shipped.

27. Units

Enter quantity received.

28. Weight

(blank).

29.

Value

Use stock fund standard price to

determined value quantity

Volume 2A and 2B variance.

30. & 43. Remarks: Enter the cause (or probable cause) of loss or gain and associated data such as: Were compartments gauged and water cuts and temperatures verified upon arrival of conveyance? Were seals intact? Was any water detected? Was a dry tank certificate issued? Were there hose breaks or leaks during discharge? Attach copies of loading and discharge documents, and vessel ullage reports at origin, intermediate, and destination discharge points. Such data will help to determine responsibility and liability (see subsection D.5, above).

h. Automated Actions - DFAMS. DFAMS monitors intransit variances (losses and gains), as follows:

(1) P6C TDR Notification Transaction (discrepancy notice) are computer generated (every 15 days) for all modes of shipments (except PLs). P6Cs are used by DICPs (of the receiving DFSP) to determine whether a TDR is required. P6C - investigation and TDR notice transaction code will appear in the Management Notice Listing or as an AUTODIN notice if the DICP lacks DFAMS hook-up; see volume V, appendix B64 of this manual for data elements.

(2) P6C computer actions document excessive variances and will repeat every 15 days until the DICP inputs status.

(3) DICPs will promptly investigate the P6C discrepancy or initiate the investigation for remote DFSPs.

(4) DICPs will report the status in DFAMS via P9F action; see volume V, appendix B75 of this manual for reporting instructions. P9F (investigative status transaction code) status codes are as follows:

A - No action required; may use in initial input.

B - Investigation and TDR initiated; computer action remains open until status code C is reported.

C - Investigation/TDR completed; may use initially.

(5) Subsequent to the initial P9F action/status in DFAMS, future changes will be reported with action code C: to correct the TDR Reference Number entered on a P9F with status code B, input a P9F with the correct TDR number and all control fields; to report investigation/TDR action is completed, input a P9F with the completion day entered in columns 51-53 with status code C and all control fields. Computer generated P6Cs will cease.

(6) Changes to shipment or receipt data which reduces the gain or loss quantity within the tolerance factor (no longer excessive variance), the computer will end the investigative action. No further action by the DICP is required.

(7) Changes to shipment or receipt data which generate excessive variances, the computer will create a P6C action and set a suspense for the P9F action. Note, if a prior excessive gain or loss is adjusted while still in the excessive variance range, the computer will clear the P6C/P9F data and restart the monitoring process. If no P9F is input within 15 days, a P6C will be output, and at 15-day intervals until the P9F is input. NOTE: See volume V, appendix B72 of this manual for computer generated intransit loss/gain adjustment data.

E. IMPORTED FUEL

1. DoE. Department of Energy (DoE) monitors petroleum imports (crude/refined). DLA/DESC is tasked to provide import data to DoE.

2. DERs/DEOs. DERs/DEOs will report imported fuel to DESC-FI as follows: provide copy of DD 250-1 or indicate the offshore supplier (refinery), contract number, product code, quantity, date of tanker discharge, and the receiving DFSP... within 1 week of receipt. NOTE: The BHP Petroleum Americas Refining (BHP) is in a foreign trade zone and considered an offshore (import) source; report fuel from BHP as imported.

3. DESC. DESC-FI shall report fuel imported by DESC contracts to the Director of Oil Imports, Department of Energy (DoE) IAW DoE Forms EIA-804 (weekly) and EIA-814 (monthly).

F. AUTHORIZED ISSUES. Issues/receipts of DLA-owned product at DFSPs will be documented and reported IAW procedures provided in chapters 5, and 9 of this volume for floating DFSPs. DLA-owned product may be issued as follows:

1. Reimbursable Issues

a. U.S. military units including National Guard and Reserve components, and other Government agencies traditionally supplied.

b. Foreign governments when authorized by inter-governmental agreements or mutual defense pacts.

c. Direct issues from intermediate GOGO DFSPs to military-owned equipment if: this is economical or practical, such issues do not interrupt the DESC mission, and issues are properly documented. Such issues may be summarized on a monthly basis for DFAMS reporting.

d. Other organizations as approved by the Commander, DESC.

2. Foreign Vessel Issues. When foreign vessel issues are not covered by RIK or FEA agreement, emergency issues may be approved by the terminal commander or officer in charge when no other means of resupply is available. The quantity issued will not exceed the amount needed to move the vessel to the nearest commercial resupply point. The issuing Military Service will determine accessorial costs to be included in the sale. The DFSP will prepare the issue document showing the issue/sale was made from Military Service stock; and will prepare DD Form 1149 to report an issue of the same quantity from DESC stocks to Military Service stocks. DESC will bill the sponsoring Military Service for the issue at the prevailing DESC stock fund standard price. The quantity sold will be an issue to the Military Service operating the DFSP. Emergency issues may not be made by contractor-operated terminals unless a Military Service agrees to act as sponsor for the issue.

3. Nonappropriated Fund Requirements. DLA-owned fuel may be sold to DoD-sponsored nonappropriated fund activities. DESC shall bill the activities at cost. Activities shall provide their billing DoDAACs on all shipping documents.

4. Non-DoD Issues. The Commander, DESC may authorize DLA-owned fuel for State and local civil agencies pursuant to guidance in DoD Directive 3025.10; see chapter 16 of this volume for further guidance.

a. DERs/DEOs or DFSPs receiving urgent requests for DLA-owned fuel from civil agencies will promptly notify DESC-B for guidance. Fuel may be released to support emergency requirements when:

(1) Immediate assistance is required to save lives, prevent human suffering, or mitigate extensive property damage.

(2) Fuel needed is not available from commercial sources.

b. Fuel may be issued with or without reimbursement as advised by DLA or DoD(C) staff. Reimbursement (if directed) may be at a rate comparable to local fuel prices or at actual supply costs.

c. DESC-B shall fully document above circumstances such as emergency requirement/quantity, fuel shortage, urgency of need, and civil agency attempts to secure fuel from commercial suppliers and local military installations, if any.

#### G. REPLACEMENT-IN-KIND AND FUEL EXCHANGE (RIK AND FEAs) AGREEMENTS

1. RIK agreements and FEAs are negotiated with foreign governments to provide fuel support in the international arena and to improve relations between United States and foreign militaries. They are operational tools which enhance readiness and sustainability in both peacetime and contingency situations.

2. All military service force structures can be supported by RIK agreements and/or FEAs. The Military Service component in conjunction with DESC will negotiate with foreign governments for required support where a stand alone agreement is the appropriate mechanism.

3. Agreements in effect as of 1 October 1993 will remain under the auspices of the Military Services and will be managed IAW current procedures. However, Phase II consolidation guidance will transition the negotiation, administration, and management of the agreements. This guidance will be forwarded in a later change to this manual.

H. LOANING FUEL TO COMMERCIAL OIL COMPANIES. DLA-owned fuel may be loaned to oil companies and to local and State civil agencies only if approved by DESC. Such loans will be approved by DESC if conditions are consistent with pertinent laws and regulations and if the transaction offers a tangible advantage to the U.S. Government or the loan is directed by ODUSD(L). DESC-F shall provide procedures for handling authorized loans.

#### I. PRODUCT RETURNS FOR CREDIT

1. Policy. DESC shall credit the Military Services for creditable product returns at the DLA-DBOF standard price in effect at time of return.

##### a. Criteria for Creditable Returns

(1) Product is within specification limits; or may be within intra-governmental receipt limits (chemical and physical test requirements) as prescribed in MIL-HDBK-200.

(2) Product is not within intra-governmental receipt limits but can be reasonably upgraded to meet intra-governmental receipt limits with DESC-BQ concurrence. Credit will equate to the upgraded product but will be reduced by test, additive, filter, and blending costs used in the upgrading at DFSPs.

(3) Product downgraded/regraded to another NSN with DESC-BQ concurrence; credit will equate to the downgraded/regraded product.

(4) Product not meeting intra-governmental receipt limits will be segregated for reclamation or disposal IAW procedures in MIL-HDBK-200.

(5) Special Fuels (JPTS/JP-7). Fuel grade change (regrade) of AF-owned JPTS/JP-7 under 5,000 gallons does not require DESC-BQ's approval, as long as the product meets specifications of the product it becomes and has no impact on the resupply.

(6) Product offered for return, which has been agreed to as acceptable, will be delivered by the offeror to the nearest terminal storing DLA-owned product of the same grade as that offered, or as directed by DESC, its fuel region, or authorized agent. All transportation charges for the return of product will be paid from the specified appropriation of the shipping activity or shipping service.

(7) Should it be determined that the Military-Service-owned bulk petroleum products offered for return can be utilized by another activity

within reasonable transportation distance, the authorization for the transfer will be provided by the DER/DEO in CONUS and the organization responsible for in-country distribution overseas. The shipper service will pay the transportation cost.

b. Coordination. Product returns will be coordinated with the CONUS DERs/DEOs and SAPOs/DERs/DEO overseas. A concerted effort is required to preclude quality (off-spec) problems, insufficient ullage, and demurrage costs caused by overlapping supply actions such as ocean tanker resupply schedules, contract deliveries, and maintenance repairs, tank cleaning, etc. NOTE: Defuels into base tankage do not require prior coordination unless quantity defuel results in the base not being able to accept a scheduled receipt.

c. DFAMS Reporting. Product returns for credit will be documented/recorded as indicated in the instructions provided in volume V, appendix A46. Credit returns may be consolidated daily or weekly. "NOTE: Quantity for credit returns will not be deducted from the quantity issued to arrive at net issues for DFAMS reporting."

d. Contracting. DESC shall assist the Military Services in contracting for commercial services to regrade/upgrade product at bases lacking capability (see subsection I.3., below, for administrative guidance).

## 2. Procedures

a. Military locations/vessels with product for return shall:

(1) Notify the nearest DFSP terminal operator of stock return "offers" by product, quantity, quality, and test results.

(2) Notify the CONUS DERs/DEOs or JPOs/SAPOs/DERs/DEOs overseas and include test results of the product intra-governmental receipt limits.

(3) Notify the SCPs and applicable JPO/SAPO/DER/DEO at overseas locations for returns which represent a significant change in fuel requirements.

(4) Provide the DFSP terminal with a document number (for DFAMS/reimbursement transactions) when product has been accepted; ship product to the DFSP designated by the appropriate DER/DEO in CONUS or SAPO/DEO overseas.

b. DFSP operators shall:

(1) Ensure product return is acceptable with CONUS DERs/DEOs or JPOs/SAPOs/DERs/DEOs overseas, as appropriate.

(2) Determine if sufficient ullage is available; if not, promptly request assistance from CONUS DERs/DEOs or SAPOs/DEOs overseas, as appropriate.

(3) Schedule to receive product when conditions in subparagraph I.2.b.(1) and (2), above, are fulfilled.

c. CONUS DERs/DEOs and JPOs, SAPOs, DERs/DEOs, and DEOs overseas shall:

(1) Ensure the product is tested to determine whether the quality of fuel is acceptable; overseas SAPOs shall notify the cognizant JPO/DER/DEO or QAR of fuel returns scheduled at DFSPs assigned to DESC for quality surveillance responsibility.

(2) Notify DESC-BQ when product is not within intra-governmental receipt limits; overseas SAPOs shall notify the cognizant JPO/DER/DEO (see MIL- HDBK-200, Section 11.3) of alternatives/DESCs decision to accept, downgrade/upgrade, regrade, or reject the product.

(3) Provide assistance in locating an alternate terminal with sufficient ullage (within reasonable distance) when ullage is not available at the primary (customary) terminal.

(4) Advise the offeror and the DFSP in which the product will be delivered and the cognizant JPO/DER/DEO of the turn-in and inform DESC-O via letter of the decision and provide all pertinent data.

(5) Control and direct product returns for use in support of other fuel requirements within reasonable transportation distance.

3. Commercial Facilities. Such facilities may be used to upgrade or change the grade of product (reprocess) to meet specification or intra-governmental receipt limits when the Military Services lack the capability, if economically feasible and no other alternatives are practical.

a. When Military Services need assistance to bring fuel product within specification or intra-governmental receipt limits, DESC-Q will be consulted to determine if commercial services are required. Quantity, test results, and location of the product will be considered in determining options.

b. DESC-F shall provide contract assistance in obtaining commercial services, as required (providing bidders are available). DESC will contract for the service in coordination with the using location, if a contractor agrees to reprocess the product at reasonable cost. Commercial services will be funded by the Military Services.

#### J. EXCESS STOCK

##### 1. Excess Determination

a. DESC-F will determine when and how much DLA-owned stock is excess to DoD requirements based on DFSP inventory reports, demand trends, projected Military Service requirements, etc. To preclude excess stock and loss to the DLA-DBOF, DESC may adjust supply programs in coordination with the Military Services.

b. Military Services shall determine base excess; and advise DESC-F of plans or programs that may substantially increase or decrease fuel requirements. Such data will be reported by product and location.

c. Military Service excess stock will be transferred among military bases if stock is usable, transfer is feasible, and such transfer is economical in relation to the proximity of DFSPs; SCPs will be advised of base excess stocks for coordinating possible base transfers.

2. Reporting and Disposal Procedures. DLA-owned stock excess to DoD requirements will be reported to the nearest DRMO by DESC-F IAW DoD 4160.21-M instructions. Military Services will report stock excess to retail requirements to DESC-F for review (DoD excess determination):

a. Military Service-owned excess stock will be reported to DESC-F for potential redistribution; include quality test results for "spec" and intra-governmental receipt limits. DESC-F will direct fuel be shipped to a DFSP or military base if product is acceptable; if not, DESC will advise the Military Service location to report the stock to the nearest DRMO for disposal instructions. In either case, Military Services shall fund transportation costs.

b. DRMS will report excess stock of petroleum products to DESC-F for review of potential requirements within DoD (DRMOs may report excess stock directly to DESC-F). Subsequent to review and screening, DESC-F will advise DRMS/DRMOs to redistribute stock in support of requirements (coordinated with the Military Services) or that no known requirements exist and thus disposal of stock is in order.

c. See subsection C.6, above, for DFAMS reporting instructions.

#### K. BULK PETROLEUM TERMINAL MESSAGE REPORT - RCS: DLA(W)1884(DESC)MIN

1. Purpose. This report provides quantitative data for DESC inventory management and stock control/distribution of bulk fuel. The DFSP inventory data is used to answer inquiries at all levels of the Defense Department and Congress. Thus accurate, complete, and timely reporting is crucial.

2. Reporting Instructions. See volume V, appendices A55/A56 of this manual. DFSPs shall report data in sections A, B, C (ocean DFSPs), and D of the Bulk Petroleum Terminal Report. CONUS DERs/DEOs and designated overseas offices shall report DFSP data for commercial-operated DFSPs storing DLA-owned product. DADS is the preferred system for reporting data. Activities having DADS connectivity shall input data via this method.

3. Due Date. Reports will be prepared weekly as of 0800 Friday local time and input via DADS. Where there is no DADS connectivity or when the system is not available for input, the reports will be dispatched by unclassified priority message to arrive at DESC the following Monday, no later than 0800 Washington, DC, time. Data will be reported to DESC-OI/FM with info copy to the area JPO and DER/DEO. Note, this report is exempt from "minimize" restrictions. Reports may also be transmitted via EDI.

4. Data Entry. Report data for bulk fuel products to the nearest thousand barrels; if less than 500 barrels, report a zero (0). Report data for bulk lube oils to the nearest barrel. When reporting data, volume must be corrected to gallons at 60°F or liters at 15°C). Reference chapter 5, paragraph E.1.c. for additional guidance.

CHAPTER 11 -- MANAGEMENT OF PEACETIME OPERATING STOCK (POS) AND  
BULK PETROLEUM WAR RESERVE STOCK (BPWRS) LEVELS

A. GENERAL. This chapter prescribes procedures and responsibilities for managing peacetime operating and war reserve stocks at DFSPs. In general, stocks will be managed by product type on a regional basis as defined by the Inventory Management Plan (IMP). Resupply of DFSPs will be based on ensuring stock availability to meet operational needs, cost effectiveness of resupply, and maintaining appropriate inventory levels. The IMP provides requirements for regional and base inventories. Operations and economics of resupply will play a major role in stockage at DFSPs. Functions prescribed in this chapter that are assigned to DERs/CINC-JPOs may be delegated to DEOs/SAPOs at the DERs/CINC-JPOs' discretion.

B. PEACETIME OPERATING STOCK (POS) POLICY

1. POS. POS is the maximum amount of fuel required to sustain peacetime operations and reflects projected in-service storage determined during the IMP coordination and development process. If additional storage is available, DESC may direct (on an exception or emergency basis) additional POS be stored at a DFSP for short periods, based on regional requirements and other economic factors.

2. Economic Resupply Quantity (ERQ). An ERQ will be established as part of the POS when storage terminals operate as a physically independent storage system. ERQs must be coordinated with DESC-B. The ERQ will be determined based on the most efficient and economical method of resupply. ERQs shall be established for:

a. DFSPs that receive fuel support directly from a commercial supplier;  
or

b. DFSPs that receive fuel support from inter-mediate DFSPs by tank truck, rail car, barge, tanker, or pipeline with an intransit time in excess of 12 hours.

3. Safety Level (SL). SL is the amount of fuel included in the POS formula to compensate for variability in resupply time and demand during the resupply cycle. The purpose of a SL is to protect DFSPs from stock outages where no Bulk Petroleum War Reserve Stocks (BPWRS) are held or to ensure at least 85 percent of a DFSP's authorized BPWRS level is available. When BPWRS is required at a DFSP, the SL and 15 percent of the BPWRS must equal 5 days of the normal demand rate in CONUS and 15 days overseas. Where there is no BPWRS authorized, the SL will equal the normal demand rate.

4. Augmented Safety Level. In unusual situations, DESC may authorize stocks in addition to the authorized SL in subsection B.3., above. This usable POS represents requirements calculated to sustain a DFSP's operations for conditions such as:

a. DFSP supporting fleet operations where the ERQ is insufficient to meet combined tanker and oiler load-out demands;

b. DFSP resupplied by river barges with seasonal low water levels;

c. DFSP with floating pans or roofs where no BPWRS is authorized; or

d. DFSP that is resupplied seasonally, such as closed port in the winter, to ensure stock availability between resupply seasons plus 30 days.

5. Working Ullage. Working ullage is tankage available for the purpose of maximizing efficient peacetime terminal operations. Working ullage is assigned to:

a. Depict the resupply quantity at base-level DFSPs when intransit time from an intermediate DFSP is less than 12 hours. In such cases, the resupply quantity at base-level DFSPs is identified as working ullage and no ERQ is assigned.

b. Allow for an unscheduled oiler offload at designated Navy locations.

6. POS Computations

a. POS shall be computed annually by DESC-F for all DFSPs and provided to the DERs, Military Services, and CINC-JPOs, as appropriate, for coordination. Upon receipt, this data shall be reviewed and validated for accuracy and completeness. All recommended changes and comments must be forwarded to DESC-F for review and inclusion in the IMP. Changes resulting in new tankage levels or unobtainables must also identify manifold and constant line fill quantities and all tanks at the location for the specified product. The following must be provided for each tank: tank ID, tank shell capacity, tank top and/or safe fill, and tank bottom. POS computations shall be updated as significant changes occur (more than 10 percent of the computation).

b. The Military Services and CINC-JPOs shall advise DESC-F of forecasted changes in demand, such as changes to on-base inventory levels, increase or decrease in demands, and special exercises, which may impact significantly on operating stocks at DFSPs.

c. Formula for Computing POS Levels:

1. Previous FY\_\_ Issues (Oct 1 thru Sep 30) \_\_\_\_\_
2. Projected FY\_\_ Issues (Oct 1 thru Sep 30) \_\_\_\_\_
3. Daily Demand Rate (DDR) (line 2/360) \_\_\_\_\_
4. Economic Resupply Quantity (ERQ) \_\_\_\_\_
5. Unobtainable Inventory \_\_\_\_\_
6. Safety Level (Line 3 x number of days \_\_\_\_\_ required)
7. Augmented Safety Level (justification needed) \_\_\_\_\_
8. Peacetime Operating Stock Level (Sum of lines 4, 5, 6, and 7)
9. System Maximum Fill Capacity \_\_\_\_\_
10. Remarks (if any)

d. Explanation of Terms:

Line 1. Previous Fiscal Year Issues. Enter the total past fiscal year issues (sales and transfers) and indicate the fiscal year. Use DFAMS issue data. Do not include issues for rotating stocks.

Line 2. Projected Fiscal Year Issues. Indicate issue demands expected during the next fiscal year. Determine future requirements based on such factors as: issue experience, procurement programs, developing trends, announced military base closures, and scheduled military exercises. If variance between lines 1 and 2 is more than 10 percent, explain in the remarks section.

Line 3. Daily Demand Rate (DDR). Divide line 2 by 360 and enter the result in whole figures. This quantity represents the projected daily issue rate.

Line 4. Economic Resupply Quantity (ERQ). The ERQ represents an incremental quantity calculated to provide a combination of adequate stock levels and transportation efficiency. Besides past experience, the following factors will be considered in determining the ERQ: (a) usable storage capacity, (b) desired delivery frequency, (c) depth of waterway, (d) maximum capacity of vessel, (e) volume rates, (f) minimum tenders acceptable, (g) availability of transport facilities, (h) contractual terms, and (i) any other condition that would influence the ERQ. Duplicate economic resupply quantities are eliminated when physically separate bulk storage systems are so closely connected to each other that they effectively operate as a single system. The DFSP assigned the ERQ shall provide for the maximum single economical quantity received by tanker, barge (single or train), pipeline, tank truck and car (single or train); such ERQ should be expected to be used during the next fiscal year.

Line 5. Unobtainable Inventory. Indicate quantity required for tank bottoms, manifold fill, and constant line fill.

Line 6. Safety Level. Duplicate safety levels are also eliminated when physically separate bulk storage systems are so closely connected to each other that they effectively operate as a single system. The DFSP where the product is consumed shall be assigned a safety level to preclude stock outages and maintain 85 percent availability of authorized BPWRS. Multiply the DDR by the number of days inventory (5 days CONUS, 15 days overseas). Once BPWRS is assigned to a location, the safety level will be reduced by 15 percent of the allocated BPWRS level.

Line 7. Augmented Safety Level. This line is in addition to the amount on line 6. Enter the amount required and fully document in remarks (line 10). This amount represents stock required to sustain a DFSP under unusual situations.

Line 8. POS Level. Sum of lines 4, 5, 6, and 7. This line represents the maximum authorized POS level in the IMP subject to funding constraints.

Line 9. System Maximum Fill Capacity. The quantified result of tank shell capacities, less unusable vapor space (tank tops), plus the constant line and manifold system capacities. This line represents all available storage space and line fill within a reporting complex. The total usable storage capacity excludes tank bottoms, manifold fill, and any constant line fill. Unusable space consists of the volume deducted from the shell capacity to allow for fuel expansion (tank tops) and structural loss.

Line 10. Remarks. This line will be used to document and substantiate requirements associated with line seven and to provide facts and reasons in support of any other line data. Supporting papers may be attached.

#### C. BULK PETROLEUM WAR RESERVE STOCK (BPWRS) POLICY

1. General. Inventory held in support of a Bulk Petroleum War Reserve Requirement (BPWRR) is termed BPWRS. To the extent practical, BPWRS shall be held at or in proximity to the BPWRR specified location. BPWRS may be subject to storage/funds availability and BPWRR less than 150 barrels may not be practical to stock.

##### 2. BPWRS Guidelines

a. CONUS. Any CONUS BPWRS must be directly supporting an OPLAN. It will be limited to a stockage level for mobility requirements (primarily strategic lift), strategic air operations, civil defense requirements when approved by ODUSD(L), and logistics requirements in support of strategic operations such as load-outs of ships and aircraft in-flight refueling operations.

b. Overseas. There shall be BPWRS to support military operations in each CINC's theater. BPWRS stored outside the region must be close enough to be transported to support designated contingency operations.

3. BPWRS Composition. BPWRS shall be in addition to POS. BPWRS shall be based upon BPWRR which is sized to meet the most demanding OPLAN requirements for each location, until resupply can be effected from a secure source. Sourcing and BPWRS guidance is developed by the Joint Staff and forwarded to ODUSD (L) for approval.

4. Wartime and Contingency Operations. CINCs may request waivers to the policies in this section from the Secretary of Defense through the CJCS to meet specific anticipated needs of an emerging contingency or an ongoing military operation. CINCs may take emergency actions if in their judgment such action is required to protect life, property, or ensure military success.

5. BPWRS Categories. The following categories shall be counted as assets against the BPWRR:

a. Military Stocks. Military stocks specifically identified as BPWRS at base DFSPs.

b. Host Nation Support (HNS). At an overseas location, specified quantities of military-suitable products designated for the United States use by host nation or treaty organizations, under written agreement or written alliance policy with U.S. authorities, which in the judgment of the theater commander could reasonably be expected to be available. Commitments by host nations/allies to provide fuel from their refineries or civil stocks may be countable in support of contingency fuel needs. Charter aircraft and ship contingency movement through civil locations can benefit significantly from host nation support agreements in support of such contingency plans.

c. CONUS Intransit WRM. At CONUS locations where resupply from commercial sources is assured, the Military Services may elect, based on historical resupply lead-times, to anticipate that specific quantities of military-suitable products could reasonably be expected to be available to meet a portion of the BPWRR. These amounts will be annotated as CONUS Intransit WRM amounts in lieu of BPWRS.

6. BPWRS Positioning and Protection. BPWRS shall be held as near to the point of intended use as economical and practical to minimize transportation requirements and the impact of hostile disruption of supply lines.

#### D. BULK FUELS INVENTORY MANAGEMENT PLAN (IMP)

1. IMP Distribution and Changes. The IMP, developed and issued annually by DESC-F in coordination with the Military Services, CINC-JPOs, DERs, and DEOs, identifies required inventory levels. The IMP specifies storage/inventory data at DFSPs in support of POS/BPWRR/BPWRS. DESC-F may issue changes to the IMP data by message, single pages, or as a complete document. Copies of the IMP are distributed to the Military Services, CINC-JPOs, and DERs.

##### 2. Inventory Requirements and Levels.

a. Inventory Buildup/Drawdown. Buildup or drawdown of inventories to meet POS and BPWRS levels should be reached as soon as economically possible. This should occur within 120 days from the effective date of the IMP or updates. However, this timeframe can be modified based on operational considerations after coordination between appropriate organizational channels and DESC-B. Situations which require buildup or drawdown earlier than the effective date indicated in the IMP will be reported to DESC-B by the Military Services (in CONUS) or CINC-JPOs (overseas).

b. Maximum Inventory Levels. The sum of POS, working ullage, and BPWRS levels in the IMP equal the maximum authorized inventory level. Inventory at DFSPs must not exceed the IMP levels under normal circumstances. However, if economic or supply conditions dictate, these levels may be exceeded if directed by DESC-B. The DERs and DEOs may grant temporary waivers, not to exceed 120 days, to DFSPs for the purpose of testing high level emergency shutoffs, newly installed hydrants or storage systems, and for other unique mission essential requirements. Long term waivers exceeding 120 days must be approved by DESC-B. The DERs, DEOs, or DESC-B, as appropriate, shall inform the Military Services (CONUS) and CINC-JPOs (overseas) of actions taken.

##### 3. Minimum Inventory Levels

a. Individual DFSP Level. The minimum inventory is computed as the total of unobtainable inventory plus 85 percent of any BPWRS for a specified product at a specified location. Unless there are adequate JP5 stocks on-hand to serve as a product substitution for JP8 or F76, penetrations of a DFSP's minimum inventory level for more than 72 hours require that supporting fuel organizations be given verbal notification followed by written confirmation.

(1) CONUS. When penetration of a DFSP's minimum inventory occurs, the DFSP shall provide verbal notification to the supporting DEO and DER-Americas (DER-A). Follow-up confirmation will be forwarded within 24 hours of the notification to the DEO and DER-A with informational copies to the appropriate Military Service and DESC-B. The DEO shall acknowledge receipt of the written notification. Emergency resupply of storage terminals will occur only if ongoing operations will be affected by the DFSP's inventory position. The DFSP shall continue to support daily operational requirements unless otherwise directed. As a follow-up to the preliminary penetration notification, the DFSP shall report changes in consumption that may affect its ability to support operations.

(2) Overseas. When penetration of the minimum inventory occurs, the DFSP will provide verbal notification to the supporting DEO/SAPO. In regions where the DEO/SAPO command structure does not exist, the DFSP reports to the DER/CINC-JPO level and all DEO/SAPO actions become DER/CINC-JPO actions. The DEO/SAPO shall inform the DER/CINC-JPO. The DFSP shall provide follow-up written confirmation within 24 hours to the DEO and SAPO with informational copies to the DER, CINC-JPO, appropriate Military Service, and DESC-B. The SAPO will acknowledge receipt of the written notification. Emergency resupply of storage terminals will occur only if ongoing operations will be affected by the DFSP's inventory position. The DFSP shall continue to support daily operational requirements, unless otherwise directed. It is the responsibility of the DFSP to report changes in consumption that may affect its ability to support operations.

b. Regional Inviolate Level. A regional inviolate level is 100 percent of the BPWRS and unobtainables (by product) held within a region. Whenever the regional inventory falls below the sum, by product, of this level for more than 72 hours, a regional inviolate penetration must be reported unless there are adequate JP5 stocks on-hand to serve as a product substitution for JP8 or F76.

(1) CONUS. DER-A is responsible for ensuring that CONUS DEOs maintain regional inviolate levels. When penetrations of authorized levels occur, the DFSP shall provide verbal notification to the supporting DEO. The DFSP shall provide follow-up written confirmation within 24 hours to the DEO and DER-A with informational copies to the appropriate Military Service and DESC-B. The notification shall indicate the expected recovery date, the amount of aviation fuel required, and the DFSP that is in penetration. The DEO shall acknowledge receipt of the notification.

(2) Overseas. CINC-JPOs are responsible for identifying regions within their respective theaters and for maintaining (by product) their respective CINC's inviolate levels. The CINC-JPOs/SAPOs shall monitor their respective levels. The CINC-JPOs shall notify in writing the appropriate Military Service, DESC-B, and the Joint Staff/J4 of penetrations of their respective CINC's inviolate levels. The notification shall indicate the expected recovery date, the amount, and the theater DFSPs that are in penetration. The CINC-JPOs/SAPOs, as appropriate, shall acknowledge receipt of penetration notifications.

#### 4. Security Classification/Declassification Guidance

a. The IMP is classified SECRET; classification is based on the premise that divulging IMP data would seriously damage the ability of the United States to wage war or defend itself successfully, limit the armed forces effectiveness, or make the United States vulnerable to attack. Security classification guidance for discussing IMP data is provided below. The following codes are used to denote classification of data: "C" for CONFIDENTIAL, "S" for SECRET and "U" for UNCLASSIFIED.

(1) For an individual DFSP:

(a) Local BPWRR data U

- (b) Local BPWRS data U
- (c) BPWRR uncovered data C
- (d) Minimum Inventory U
- (2) For multiple DFSPs and regional level totals:
  - (a) BPWRR data S
  - (b) BPWRS data S
  - (c) BPWRR uncovered data S
  - (d) Minimum inventories and regional inviolate levels S
  - (e) Summarized IMP data on information in subparagraphs (2) (a)

through (2) (d) S

(3) Geographic days of supply associated with the BPWRR or BPWRS are classified "SECRET."

b. There are no automatic declassification dates for the IMP. The IMP remains classified through updated editions and associated perpetuating documents. The IMP and related papers/documents will be declassified only with the expressed direction of ODUSD(L). The IMP cannot be used as a source for derivative classification. Thus, related papers and documents will be marked as follows: Derived from: DoD 4140.25-M, Vol II, Chap 11, subsection D.4. Declassify on: X4

#### E. FUNCTIONAL RESPONSIBILITIES

##### 1. Joint Staff/J4 shall:

a. Recommend the geographic Days of Supply (DOS) that size BPWRR and govern BPWRS levels to ODUSD(L) for approval.

b. Allocate BPWRS shortfalls among the CINCs considering recommendations from DLA/DESC and the Military Services.

##### 2. CINC-JPOs shall:

a. Provide comments to DESC-F within 30 days after receipt of the POS level worksheets (reference section F, below).

b. Coordinate, reconcile, and submit the Military Services' prepared BPWRR data (for overseas locations) to DESC-FI, as prescribed in the IMP Table of Events provided in section F.

c. Monitor regional and theater (CINC) inviolate levels.

d. Notify Joint Staff/J4 and DESC-B of penetrations of the CINC's inviolate levels identified in the overseas IMP. The notice will include the amount, the anticipated recovery date, and the DFSPs in penetration.

e. Provide comments to DESC-F after receipt of the final IMP draft within the timeframe identified in the IMP Table of Events (section F, below).

##### 3. Military Services shall:

a. Compute BPWRR (by Military Service/plan/ location/product); BPWRR is limited to the geographic DOS set by the Joint Staff. Report BPWRR and proposed BPWRS data to the appropriate CINC-JPO for overseas locations and to DESC-FIP for CONUS locations. Information to include consists of: the Military Service submitting, date of submission, BPWRR location name and DoDAAC, product requested, BPWRR amount, OPLAN that the requirement supports, requirement type (such as Navy Fleet or Shore) if applicable, any HNS or intransit WRM quantity that can support the requirement, a proposed BPWRS location, and a secondary proposed BPWRS location (optional). BPWRR locations may be reported by latitude/longitude degrees if no other landmark is available. Report shall be submitted in hard copy or electronic format (preferably Microsoft Excel spreadsheet) to DESC-FIP and the CINC-JPOs annually. (See section F, below.) The Military Services should contact DESC-FIP and the CINC-JPOs to discuss permitted electronic file formats. Changes in BPWRR data shall be submitted quarterly; critical changes that indicate grave consequences must be submitted immediately to DESC-F and the CINC-JPOs.

b. Review and coordinate the revised IMP and provide comments to DESC-F within 15 working days after receipt of the draft.

c. Maintain POS and BPWRS levels reported in the IMP at DFSPs located on military bases; advise JPOs, SAPOs, DERs, and DESC-F when inventory levels in the IMP cannot be stored at GOGO DFSPs due to resupply or tankage problems; coordinate proposals to convert tankage from one product to another with DESC-F and the CINC-JPO.

d. Inform the DER, JPO, SAPO, DEO (as appropriate), and DESC-B when the inventory drops below the minimum inventory level at DFSPs operated by the Military Services; indicate the amount and the expected get well date.

e. Advise the cognizant JPO, SAPO, DER, and the DEO prior to notifying DESC-F when tanks are taken out of service; and advise when they will be ready to receive product once construction or repair action is completed. Generally, decreases in BPWRS will not be covered at DFSPs where shortfalls are due to short term tank maintenance.

4. DESC shall:

a. Compute POS levels and provide a final draft copy to the CINC-JPOs and DERs for coordination prior to inclusion in the IMP.

b. Develop the IMP and provide a final draft copy to the CINC-JPOs, Military Services, and DERs for coordination prior to publication. (See section F, below, for the IMP schedule).

c. Distribute the IMP. Updates will be processed as required. Revisions will be limited to significant changes (10,000 barrels or more).

d. Maintain POS/BPWRS levels at DFSPs in consonance with OSD operating plans and budgets. Group DFSPs into regions for collective inventory level management.

e. Develop storage programs designed to provide a balanced BPWRS level at DFSPs in support of combined military requirements. Matters regarding fuel allocation that cannot be resolved by the CINC-JPOs/ Military Services/DESC, and that will result in supply failure or in unacceptable degradation, shall be forwarded to the Joint Materiel Priorities and Allocations Board (JMPAB) for resolution. (See chapter 14 of this volume.)

F. IMP TABLE OF EVENTS All dates cited below are no later than (NLT) dates.

1. DESC-FI begins to compute POS levels for all DFSPs worldwide ..... Dec 01
2. Military Services begin development of BPWRR data .....Dec 01
3. DESC-FI provides POS levels to DERs and CINC-JPOs for coordination..... Jan 31
4. DERs/CINC-JPOs comment or provide recommended adjustments to POS levels and storage data to DESC-FI..... Feb 28
5. The Military Services forward BPWRR data to CINC- JPOs and DESC-FI..... Feb 28
6. JPOs submit BPWRR data to DESC-FI.....Apr 30
7. DESC-FI coordinates IMP draft with Military Services/ CINC-JPOs/DERs.....Jun 30
8. IMP published/distributed.....Jul 31

9. IMP effective date..... Oct 01

CHAPTER 12 -- FINANCIAL OPERATIONS

A. GENERAL. This chapter discusses financial operations and related policies and procedures for bulk petroleum products, transportation, storage, and into-plane servicing costs.

B. POLICY

1. Financial management of bulk petroleum products is governed by DoD policies and procedures referenced herein.
2. A separate bulk petroleum category of the DLA division of the Defense Working Capital Fund (DWCF) is used to finance bulk fuel product costs, transportation expenses, storage and environmental costs, operations, and other costs authorized by the DoD charter for the Defense Revolving Fund (DRF).
3. Supply Management Operations within DWCF are outlined in DoD 7000.14-R, Volume 11B.
4. Budgets will be submitted IAW DoD 7000.14-R, Vol 11B (see reference index).

C. PROCEDURES

1. DRF accounting and reporting will be performed in accordance with DoD 7000.14-R (see reference index).
2. Prices of bulk petroleum products will be governed by pricing criteria in DoD 7000.14-R (see reference index).
3. Billing and collection procedures will generally be IAW DoD 7000.14-R/DoD 4000.25-7-M (see reference index). Section D., below, displays the DESC billing criteria for bulk petroleum products.
4. DLA will budget and fund for bulk petroleum inventories held at DFSPs. DLA will also budget and fund for unique annual resupply programs such as Cool Barge and Deep Freeze which includes product, transportation, and related service costs.
5. Obligation accounting will be maintained for contracts and delivery orders placed with commercial suppliers and transportation companies IAW DoD 7220.9-M (see reference index).
6. Administrative and accessorial charges for sales to non-DoD customers will be applied IAW DoD 7220.9-M, Chapter 26 (see reference index).

D. DESC BILLING CRITERIA FOR BULK PETROLEUM PRODUCTS

FOB 1/		Billing	
Acceptance	Shipment Mode	Receipt Document	Based Factor
At origin or DFSP	Tank truck/car,	Received by DESC	Quantity received
	barge, or PL	within 15 days of shipment	
		Received after 15 days	Quantity shipped
At destination	Tank truck/car,	Received by DESC	Quantity received
	barge, or PL	within 15 days of receipt date	

		Received after 15 days	Quantity accepted for payment
All	Ocean tankers	Received by DESC within 15 days of discharge	Quantity received
discharged		Received after 15 days	Quantity

1/FOB denotes Free on Board (where product is accepted, at origin or at destination; contract terms indicate where product will be accepted).

## CHAPTER 13 -- WAR, CONTINGENCY, AND EMERGENCY CONSIDERATIONS

A. GENERAL. This chapter prescribes planning procedures and reporting requirements such as Bulk Petroleum Capabilities Report (POLCAP) and Bulk Petroleum Contingency Report (REPOL) for acquisition and distribution of bulk fuel in support of military requirements beyond D-Day. NOTE: Chapter 11 provides inventory management procedures for managing war reserve requirements and war reserve stocks.

### B. NATIONAL AND DoD POLICY

1. Executive Order 12656 (Assignment of Emergency Preparedness Functions to Federal Departments and Agencies, 18 November 1988) establishes U.S. policy for national security emergency preparedness and assigns specific preparedness responsibilities to the Federal Emergency Management Agency (FEMA), DoD, and other departments and agencies with national security emergency preparedness responsibilities. The Code of Federal Regulations, Title 44 - Emergency Management and Assistance, stipulates that the policy of FEMA is to provide an orderly and continuing means of assistance by the Federal Government to State and local civil governments in carrying out their responsibilities to alleviate the suffering and damage that result from major disasters and emergencies. The Federal Response Plan, coordinated by FEMA and signed by DoD, requires DoD support to Federal emergency response activities.

2. DoD policies, procedures, and responsibilities governing the peacetime supply/distribution of bulk petroleum products apply and, whenever possible, should be continued during periods of international tension and limited or general war.

3. Bulk petroleum products designated as war reserve stocks are stored and maintained IAW Secretary of Defense and JCS guidance or by international agreements for overseas locations.

4. War reserve stocks will not be reconstituted under general war conditions. Wartime operating stock levels after D-Day are to be maintained at minimum levels consistent with planned operational commitments, i.e., resupply quantity plus safety levels.

5. Petroleum stocks held by the Military Services and DLA are subject to DoD allocation by the Joint Staff and CINCs overseas.

6. DoD Directive 3025.1 (see reference index) authorizes the Services, DLA, and Unified Commands to supply fuel in support of civil disasters when such support does not jeopardize the military mission.

7. During U.S. Government crises, contractor inventory (intended for delivery to the Government under contract provisions) may be used in support of military operations to the extent physically practicable and in the absence of any national directives to the contrary. Contractors are expected to supply fuel during a national emergency and perform related services in the contract schedule on a priority basis.

### C. RESPONSIBILITIES

#### 1. Department of Energy (DoE)

a. DoE (Office of Emergency Planning and Operations) prepares emergency plans and develops preparedness programs for petroleum products, natural gas, coal, and electric power.

b. DoE will assist, coordinate, and direct, as needed in a severe national security emergency, the energy industries to assure that domestic and foreign supplies of energy meet essential military and civil requirements of the nation and its allies. In discharging this broad function, DoE may:

- (1) Formulate and coordinate energy supply programs.

(2) Act as claimant for the energy industries before other Government agencies to obtain supporting resources such as manpower, materiel, transportation, communications, and funds needed for vital expansion or recovery programs.

(3) Coordinate and direct the allocation and distribution of energy supplies (such as fuel) from primary (refinery) sources to secondary resellers or consumers.

(4) Establish and maintain communication with the energy industries and government agencies to perform the above functions.

2. Deputy Under Secretary of Defense (Logistics) shall:

a. Establish/provide policy guidance relating to the DoD bulk petroleum logistics programs, systems, and procedures, and assure effective implementation IAW DoD Directive 5124.2 (see reference index).

b. Function as the DoD claimant for petroleum products required by the Defense Department and submit such claims to DoE and defend the requirement in coordination with the Joint Staff.

c. Resolve industry allocation conflicts in coordination with DoE, FEMA, and other Federal Agencies.

3. Chairman-Joint Chiefs of Staff shall:

a. CONUS: Allocate petroleum products among the Military Services when DoD claimant stocks are authorized/released by DoE. Allocation is made when requirements exceed DoD claimant stocks to ensure that fuel requirements for priority operational commitments are supported.

b. OVERSEAS: As necessary, allocate prepositioned stocks among the CINCs should these stocks not meet requirements. (See chapter 14.)

4. Unified Commands (JPO) shall:

a. Submit POLCAP and REPOLs IAW Joint Pub 1-03.18.

b. Slate emergency fuel requirements for delivery to overseas locations; initial report will be for the period D+60 to D+180.

c. Authorize release of BPWRS subject to IMP review.

d. Assign in-country transportation responsibilities.

e. Allocate petroleum products among the component commands. Such allocation will be made when the quantity of DoD claimant stocks do not equal those required and to ensure that petroleum requirements for priority operational commitments are supported.

5. Component Commanders of CINCs shall slate requirements for D+60 to D+180 in 30-day increments to the Unified Commands (JPOs).

6. Military Services shall:

a. Compute BPWRS requirements by location as specified in chapter 11.

b. Support JPOs in POLCAP and REPOL reporting. (Air Force: submit REPOLs on essential CONUS base petroleum facilities when requested by Joint Staff.)

c. Coordinate release of BPWRS in CONUS with DESC and with JPOs in overseas areas.

d. Operate and provide organizational maintenance for DFSPs in their custody.

e. Maintain POS and BPWRS levels at DFSPs in their custody.

f. If communications are disrupted and in the absence of DoD control during the initial phases of shock (survival) and recovery periods of a nuclear war, surviving base and unit commands will work closely with DERs/DEOs in securing petroleum support from surviving stock.

7. Defense Logistics Agency (DLA)/DESC shall:

a. Prior to D+35 days, consolidate CONUS and overseas bulk requirements and slates for D+60 to D+180 as indicated in REPOLs. Requirements which cannot be supplied by normal contracting will be submitted to DLA for DUSD(L) guidance.

b. Supply and distribute bulk petroleum products in CONUS.

- c. Maintain an Inventory Management Plan for DFSPs worldwide.
- d. Prepare slates for resupply of CONUS coastal DFSPs.
- e. Contract for bulk petroleum products; maintain contingency plans for procurement of such products (re: Defense Production Act).
- f. Coordinate ocean transportation arrangements with MSC to meet Military Services and Unified Commands requirements.
- g. Ensure that GOCO/COCO DFSPs in CONUS under DESC contracts are adequately maintained and operated.
- h. Develop and maintain emergency/alternative plans for GOCO and COCO DFSPs under DESC contracts and provide guidance for DERs/DEOs in developing their plans.
- i. Plan to provide petroleum logisticians to the Alternate National Military Command Center (ANMCC) and DLA Relocation Site.
- j. Develop plans and procedures in support of contingencies.
- k. Submit REPOLs IAW Joint Pub 1-03.18.

#### D. BULK PETROLEUM CAPABILITY REPORT (POLCAP)

- 1. Purpose. POLCAP reports are designed to provide the Joint Staff, Military Services, and DLA/DESC with current petroleum data to ensure that essential petroleum operations and readiness capability is maintained during periods of intensified activity or tension.
- 2. Reported By. Theater Commands will submit POLCAPs.
- 3. Reported To. Address Indicating Group (AIG) 935.
- 4. Reporting Time and Data
  - a. POLCAPs will be submitted annually to the Joint Staff/J4 no later than 1 May.
  - b. During intensified activity or tension, the Joint Staff/J4 may ask CINCs to update POLCAPs by message. Updated POLCAPs will include:
    - (1) Any changes since the last report.
    - (2) Product availability and sustainability assessment.
    - (3) Any problem deemed appropriate.
    - (4) Data requested by the Joint Staff/J4.
- 5. Reporting Format/Instructions. Reporting instructions are prescribed in Joint Pub 1-03.18, Joint Operational Reporting System.

#### E. BULK PETROLEUM CONTINGENCY REPORT (REPOL)

- 1. Purpose. REPOLs provide Joint Staff, Military Services, and DLA/DESC worldwide summary data on damage and deficiencies of bulk petroleum supplies, storage, and distribution systems. REPOLs are used to develop strategies, determine course of actions, etc., in support of supply operations.
- 2. Data. The report is based on the following assumptions:
  - a. Emergency slates will be submitted in normal slate format.
  - b. Ocean tanker diversions and cargo changes may occur.
  - c. During intensified tensions or under war conditions, up-to-date detailed data and status of petroleum products, storage, and distribution facilities will be required.
  - d. Under war conditions, the Joint Staff, Military Services, and DLA/DESC may be operating from remote or mobile command and control centers which may not have access to all of the data available.
  - e. Normal supply procedures may no longer be adequate; thus, emergency procedures may be implemented.
- 3. Reported By. Theaters Commands shall submit REPOLs for overseas locations. DESC shall report for CONUS DER/DEOs. (The Department of the Air Force shall report on essential CONUS base petroleum facilities when requested.)

4. Reported To. Address Indicating Group (AIG) 935.
5. Reporting Time. Reports will commence as follows:
  - a. Automatically upon declaration of DEFCON 1. When DEFCON 1 is declared, reports will be submitted every 48 hours.
  - b. Under peacetime conditions, reports will be submitted twice a year (March 30 and September 30).
  - c. When considered appropriate by reporting commanders or when directed by the Joint Staff.
6. Reporting Format/Instructions. Reporting instructions are prescribed in Joint Pub 1-03.18, Joint Operational Reporting System.

## CHAPTER 14 -- FUEL ALLOCATION PROCEDURES

### A. POLICY

1. The Joint Materiel Priorities and Allocation Board (JMPAB) acts for the Joint Chiefs of Staff (JCS) in fuel allocation matters.

2. Fuel shortages may require allocation decisions by JMPAB if DESC and the Military Services/CINCs cannot agree on fuel distribution during tight fuel availability situations.

3. The Joint Staff developed and USD(A&T) approved planning factors regarding days of supply (DOS) in support of war reserve fuels are considered valid.

### B. GENERAL

1. Until or unless a specific request for JMPAB fuel allocation action is received from a Military Service or command, DESC shall continue to distribute available fuel according to established supply management procedures. These procedures are shaped/tempered by customer demand, quantities, and sources on existing fuel contracts, peacetime and war reserve stockage levels, knowledge of anticipated contract coverage for specific areas, and negotiations with the Military Service/CINC staffs.

2. Communication between DESC and its customers must continue whenever quantities to be shipped are less than those requested by the customers. DESC shall keep the customers fully informed regarding the reasons behind less-than-requested fuel shipments or cargo diversions, as well as anticipated get-well dates, if known. DESC shall provide information on the overall fuel situation, extent of contract coverage, and efforts underway to overcome deficiencies.

3. The purpose of JMPAB is to act on "...matters referred to the Chairman, Joint Chiefs of Staff, relating to the establishment of materiel priorities and the allocation resources" (JMPAB Charter). NOTE: Requests for JMPAB allocation actions will be made only under extreme situations, when it is anticipated that DESC fuel distribution planning/actions will result in ultimate supply failure or in unacceptable degradation of war-time sustainability (war reserve drawdown).

4. It is neither practical nor desirable for JMPAB to automatically assume complete allocation responsibility for defense fuels when an area or region falls below the war reserve stockage level. The reasons are twofold: (1) day-to-day allocations of individual fuel cargoes constitute a primary charter responsibility for DESC and (2) the actual or anticipated drawdown of DFSP inventories below the established war reserve level, while certainly less than satisfactory, has varying degrees of significance for various products in various areas/regions.

C. SCOPE. This chapter applies to DoD petroleum using locations worldwide.

### D. PROCEDURES

#### 1. Requests for JMPAB Action

a. Should occasions arise, as noted above, wherein a Military Service or command disagrees with the distribution plans/actions of DESC in supply shortage situations, bilateral discussions with appropriate DESC personnel must first take place. The object of such discussions is to attempt resolution of disagreements without having to resort to JMPAB adjudication.

b. If bilateral discussions fail to achieve satisfactory results, the Military Service or command may request deliberation and adjudication by

JMPAB; requests must be made via message or memorandum to the Joint Staff/J4, with information copy to DESC-B, and must include the following data:

- (1) Product(s) in question.
- (2) Area/region affected.
- (3) Current inventory status to include: barrels on hand at all DFSPs, number of combat DOS provided by that inventory; BPWRS level, number of combat DOS provided by that level and, if applicable, projected consumption for the next 60 days.
- (4) Resupply forecast provided by DESC.
- (5) Impact, if any, on operations.
- (6) Other data, as appropriate, such as potential for host-nation support, replacement-in-kind or fuel exchange agreements, pending tanker receipt, etc.

c. When advised of the request for JMPAB action, DESC-F shall provide Joint Staff/J4 the present inventory for each region worldwide for the product being discussed, including intransit inventory. Such data, plus any comments deemed appropriate, must reach Joint Staff/J4 within 48 hours.

## 2. JMPAB Action

a. Upon receipt of the request, the Secretary of the JMPAB Secretariat shall prepare a decision package for deliberation by the JMPAB. The package must address the following:

- (1) The situation depicted by the incoming request.
- (2) Comparison situations reflecting (for the product in question) worldwide status, and the status of other Military Services or CINCs.
- (3) Advice and data provided by DESC regarding long-range projections, possibilities of cargo diversions, and feasibility of stock redistribution.
- (4) Impact statement(s) regarding possible cargo diversions and stock redistribution.

b. The Secretary of the JMPAB Secretariat shall ensure that the decision package includes all pertinent data, in particular, the operational impacts of the various options available.

c. The JMPAB Secretariat shall meet to develop a recommended position for inclusion in the decision package and will place the matter before JMPAB. Once concurrence is obtained, an implementing memorandum/message in the name of the CJCS shall be prepared and dispatched to the appropriate Military Service(s), CINC(s), DLA, and DESC.

d. The DESC Commander shall provide a technical adviser to the JMPAB Secretariat and a senior-level adviser to the JMPAB to assist in deliberations.

e. The memorandum or message which transmits JMPAB decisions will specify the duration of the decision. Based on the circumstances of each case, the memorandum/message shall state whether the decision affects only specific stock redistribution actions or will apply to all DESC distribution actions until a specific inventory level is achieved in the affected region/area.

f. For wartime, the same basic procedures as outlined above will be followed except that the communications, processing, and decision making processes will be streamlined. REPOL and Situation Reports established by the Joint Reporting System will be employed, as appropriate, to identify potential problems and to assist the JMPAB.

3. DESC Accelerated Action. If the situation demands action before the administrative process is complete, the DESC Commander shall so advise the JMPAB Secretariat and request the decision be expedited. Pending the issuance of a decision, DESC, in coordination with the Joint Staff, shall proceed with the action it considers most prudent and keep the JMPAB Secretariat informed with respect to the actions being taken.



CHAPTER 15 -- U.S. GOVERNMENT NATIONAL CREDIT CARD - SF 149

A. GENERAL. This chapter provides administrative/ operating control, procedures, and data instructions for SF 149. The credit card is administered by the GSA for use by operators of Government vehicles, small airplanes, and boats. Fuel, oil, minor vehicle accessories, and services may be purchased with the credit card.

B. AUTHORIZED SUPPLIES AND SERVICES

1. SF 149 is the only credit card authorized by DoD for obtaining supplies and services from commercial service stations. Service stations that accept SF 149 are listed in the Defense Energy Support Center Contract Bulletin, DLA 600-FY-0039. Authorized supplies and services:

a. Gasoline and Gasohol: regular unleaded, premium unleaded, special unleaded, diesel/diesel marine fuel, aviation turbine fuel, propane, and liquid petroleum gas.

b. Lubricating services and lubricants (includes differential and transmission fluids).

c. Antifreeze (ethylene glycol).

d. Air and oil filters and servicing.

e. Battery charging.

f. Tire and tube repairs.

g. Washing and cleaning.

h. Mounting and dismounting snow tires and chains.

i. Emergency replacement of spark plugs, fan and generator belts, windshield wiper arms and blades, lamps, etc.

2. SF 149 should only be utilized when Government motor pool or like facilities are not readily available. Supplies and services for Government vehicles may be obtained at service stations listed in DESCs regional contract bulletins; and at other locations for vehicles on the road when it is not practical to return to the contract source provided the station/company is listed in the DESCH 4280.1 or the DESC Credit Card Contract Bulletin. If using a GSA fleet vehicle, the fuel and maintenance of that vehicle will be procured from the private sector at retail facilities designated by GSA. Repairs and maintenance of GSA leased vehicles are authorized by the GSA Fleet Management Centers.

3. SF 149 is not used to obtain fuel at "into-plane locations." DD Forms 1896 and 1897 are used with the DD Form 1898 to purchase fuel at into-plane locations (see Chapter 1 of this volume for guidance).

C. GENERAL SERVICES ADMINISTRATION (GSA) FUNCTIONS

1. Policy. GSA administers the SF 149 program and has central administrative control of SF 149. The policies/procedures in this chapter are in consonance with GSA property management regulations.

2. Controlling Credit Cards. GSA awards a contract annually to a commercial firm to supply the credit cards, do the required embossing/encoding, and administratively control the cards issued to DoD Components. The contractor is required to maintain a receipt file for all credit cards issued; therefore, every shipment of credit cards shall be made using "return receipt" procedures. Costs incurred by the contractor in assuring safe, controlled shipment of all credit cards shall be paid by the ordering agency. Government units ordering credit cards shall contact the GSA Credit Card Contractor responsible for issuance of the credit cards.

3. Credit Card Reconciliation. The GSA Credit Card Contractor shall provide the Military Services/Defense Agencies a monthly listing of SFs 149

including a record of all cards reported lost or stolen. Address questions regarding these listings, such as the proper mailing address to the GSA Credit Card Contractor.

#### D. DoD ADMINISTRATIVE CONTROL

1. Policy. It is essential that DoD/Federal Agencies ensure that supplies and services purchased with the credit card are for official use only; administrative control should be maintained to prevent unauthorized use of credit cards. DoD/Federal Agencies shall develop and maintain adequate procedures and physical safeguards to assure strict compliance with the procedures prescribed herein concerning credit cards, as follows:

a. Promptly notify the GSA Credit Card Contractor of lost or stolen cards with the date each card was initially reported lost or stolen. Such notice is mandatory, whether or not the credit card is to be replaced, to enable the contractor to update the data file.

b. Promptly notify the GSA Credit Card Contractor of changes to the billing account numbers and addresses. Changes in the billing address must be submitted by a letter addressed to the GSA Credit Card Contractor in accordance with the current ordering instructions.

c. Notify the contractor of cards that have to be removed from the system. (Note: when a card reaches its expiration date, it is automatically invalid and removed from the system.) The removal codes are as follows: L = Lost, S = Stolen, B = Broken, D = Debossed, E = Expiring (use only if a replacement is needed and the card has not passed its expiration date), and A = All other reasons such as a vehicle removed from the fleet.

d. Promptly destroy all credit cards that have been replaced for any reason, including those reported as lost and subsequently found.

e. Destroy credit cards which expire or have invalid license tag, serial or identification number(s) (such as a tag number that has been replaced or destroyed).

2. Payment. DoD/Federal Agencies implementing instructions will provide guidance to field units for the prompt payment of all applicable invoices and, in particular, units which are being disbanded or relocated. Such instructions must require that payment checks be issued with a duplicate copy of the invoice.

3. DESCH 4280.1 - Government Vehicle Operators Guide to Service Stations for Gasoline, Oil and Lubrications, and a copy of the users implementing procedures should be furnished to all national credit card users. Copies of DESCH 4280.1 and DESC contract bulletin - DLA 600-FY-0039 may be obtained from DESC-PL, Ft. Belvoir, VA 22060-6222. The contract bulletin is primarily designed for use by contracting or finance and accounting functions. DESCH 4280.1 (see reference index) is designed for the vehicle operator. Requests for such documents will include the DoDAAC and intended use.

#### E. PROCEDURES FOR REQUESTING SF 149

1. All agency manual requests for embossed SFs 149 will be mailed to the GSA Credit Card contractor in the format specified in the current GSA Ordering Instructions. These instructions are distributed annually by GSA to activities having GSA leased vehicles or those activities who order SFs 149. Additional copies of the ordering instructions can be obtained from GSA Fleet Management Division or the current GSA Credit Card Contractor. The name and telephone number (DSN and commercial) of an employee in the office ordering the credit card must be provided in the event that questions should arise concerning the order.

2. Any order that does not include all of the required data elements or contains inaccurate data will be returned to the requester. Cards ordered for replacement must be in the exact format and contain the same exact data as the original card, including spaces, punctuation, character field, and the reason for replacement.

3. The requesting DoD/Federal Agency may furnish an expiration date (month, day, year) not to exceed 4 years from the date of the request for each credit card. If an expiration date is not included, the contractor will emboss an expiration date of 4 years from the date of the request.

4. The contractor will bill the ordering units directly for embossing services and mailing charges.

#### F. COMPLETION OF SF 149 CREDIT CARD ORDER FORM

1. General. Extreme care shall be exercised to ensure that each character in the billing code, expiration date, serial number, tag or registration number (if required) is correct and completely legible. Accuracy and clarity is essential for the embosser to accurately compute the 10th digit in the billing code number. Illegible purchase orders/requisitions or incorrect spelling in the data to be embossed will be returned to the requester for fix/resubmit. Requesters will carefully inspect each card to ensure all characters are embossed as requested and are completely legible. Credit cards which are not embossed as requested or contain characters that are not clear will be promptly returned, with description of deficiency, to the embosser for reissue. Such reissuance will be without further cost to the requester.

2. Data to be embossed on the SF 149 (see volume V, appendix A63).

a. Billing Code. The billing code is a 10-digit number and is embossed on the first line of the SF 149. The first nine digits will be assigned by the using DoD/Federal Agency as follow:

(1) The first three digits of the billing code will always be 002 for DoD Components.

(2) The fourth digit will be as follows: 1, Navy; 2, Army; 3, Air Force; 4, Marine Corps; 7, DLA, and 0 other agencies.

(3) The fifth through the ninth digits will be the fiscal station accounting number for the unit who is responsible to pay for the credit card purchases.

(4) The 10th digit is the validation number for use in automated billing operations of the petroleum contractors. This number is not assigned by the agency, but will be determined by the contractor. The validation number will be computed in accordance with American Standard X4.13-1971, section 5.3.

b. The second line is always blank.

c. Department/Agency/Unit Identifier. This is a one-line entry of a maximum of 22 characters embossed on the third line of the SF 149. It identifies the Department/Agency/Unit which is authorized to use the SF 149.

d. The license tag number of the vehicle, a sequential credit card serial number, or an identification number will be embossed on the fourth line of the credit card. Alpha or numeric characters are permissible; data will be limited to a maximum of nine characters, excluding the prefix Tag, ID or SER. This is a mandatory requirement.

e. Also on the fourth line on the right side will be the expiration date. It will be embossed as follows: Exp MO/DA/YR.

f. A replacement code will be embossed on the fifth line at the extreme right side to indicate the number of times a credit card has been replaced as a result of being reported lost or stolen (R-1).



## CHAPTER 16 -- MILITARY SUPPORT TO CIVIL AUTHORITIES (MSCA)

### A. GENERAL

1. Purpose. To support the national civil defense policy and civil defense programs under the Federal Emergency Management Agency.

2. Objective. To support civil defense agencies and units with a minimum commitment of military resources, without disrupting military operations, during a national emergency.

3. Military Resources are military/civilian personnel, equipment, materiel, facilities, and supplies which are controlled by components of the Defense Department.

4. Applicability and Scope. MSCA applies to:

a. The Office of the Secretary of Defense (OSD), Chairman Joint Chiefs of Staff (CJCS)/Joint Staff, Military Services, Defense Agencies, and Combatant Commands (hereafter collectively referred to as "DoD Components").

b. DoD Components in the 50 States, District of Columbia, Puerto Rico, and U.S. territories and possessions.

5. Authority. DoD Directive 3025.1 (Military Support to Civil Authorities).

### B. MAJOR PLANNING ROLES

1. Secretary of Defense (SECDEF): MSCA overall responsibility.

2. Secretary of the Army (DoD Executive Agent): MSCA executive authority; the DoD Executive Agent for the provision of DoD resources to civil authorities, shall act for the Secretary of Defense in developing planning guidance, plans and procedures for MSCA. The DoD Executive Agent has the authority of the Secretary of Defense (consistent with guidance) to task the DoD Components to plan for and to commit DoD resources in response to requests from civil authorities for MSCA. This role may terminate during war if SECDEF assumes MSCA responsibility.

3. Director of Military Support (DOMS). Acting for the DoD Executive Agent (Secretary of the Army), serves as the action agent for the Secretary of the Army to ensure the performance of all planning and execution responsibilities of the DoD Executive Agent for MSCA. The DOMS is the DoD primary contact for all Federal departments and agencies during periods of MSCA.

4. DoD Planning Agents. US Atlantic Command (USACOM), and US Pacific Command (USPACOM) develop MSCA supporting plans/preparedness measures and coordinate with the STARCs, regional authorities and FEMA.

a. USACOM: 48 contiguous states, the District of Columbia, Puerto Rico and the Virgin Islands.

b. USPACOM: Alaska, Hawaii, and U.S. possessions and territories, and administrative entities within the Pacific Command area of responsibility.

5. Army National Guard State Area Command (STARC). STARCs have the lead in multi-Service contingency planning for MSCA at the State, District of Columbia and U.S. territory levels. STARCs shall plan under the guidance of the DoD Planning Agents for their respective MSCA areas of responsibility. Prior to federalization, the STARCs in State status respond to the Governor through the Adjutant General to provide and coordinate use of the National Guard in disaster relief operations.

6. Federal Emergency Management Agency (FEMA). FEMA is the principal Federal Agency for coordinating Federal-civil defense plans and programs at the national and regional levels, including civil defense operational priorities. The Federal Response Plan (FRP), under Public Law 93-288 as amended, establishes the basis for the provisions of Federal assistance to a

state and its affected local governments impacted by a catastrophic or major disaster or emergency which results in a requirement for Federal assistance.

a. FEMA has 10 regional offices in CONUS; they coordinate provision of federal assistance (including military resources) to state and local civil governments during Presidential declared peacetime and civil defense emergencies.

b. FEMA appoints a Federal Coordinating Officer (FCO) to oversee and coordinate all Federal responses to the disaster IAW the Disaster Relief Act as amended by the Stafford Act.

c. The Defense Coordinating Officer (DCO) coordinates the DoD response based on validated requirements from the FCO.

7. DoD Emergency Preparedness Liaison Officers (EPLOs). EPLOs may be reservists, full-time civilians, or active duty military personnel of the Army, Navy, and Air Force. They not only represent a Military Service but can represent the Defense Logistics Agency, Defense Communications Agency and Joint Medical Planners. EPLO personnel assigned for duty with a FEMA region, or accredited to a state, plan for military participation in civil emergency operations, present DoD claims for resources, and process and evaluate civil requests for MSCA, maintain effective communication between the DoD Components, DoD and other Federal and state governmental agencies, and promote mutual understanding among various organizations tasked with providing and coordinating emergency support functions in civil emergency situations.

8. The Defense Logistics Agency (DLA)/DESC. Provides advice and assistance to DOMS and DoD Components, makes DoD resources available for MSCA IAW the FRP and DoD Directive 3025.1, and implements supply support procedures in support of MSCA planning consistent with the Executive Agent's guidance.

9. Defense Coordinating Officer (DCO). The DCO is a military or civilian official designated by the Executive Agent or responsible DoD Component to coordinate MSCA activities in response to request from FEMA for DoD support. The authority of each DCO is defined in documentation issued or authorized by the DoD responsible command, and is limited either to the requirements of a specified interagency planning process or to a specified geographical area or emergency.

### C. MSCA SYSTEM OVERVIEW

1. MSCA is designed to provide military resources in support of civil governments in time of civil emergencies or attack (including national security emergencies) during any period of peace, war or transition to war.

2. MSCA is executed when ordered by the President in time of national crisis, mobilization, or war.

3. All DoD Components are potentially available for MSCA subject to national priorities set by the President and the Secretary of Defense, and the commitment of military resources to military operations. Any DoD resources allocated for MSCA may be withdrawn to meet higher priority military missions, subject to coordination through military channels.

4. Responsibilities of the Secretary of the Army, as DoD Executive Agent, may transfer to the CJCS during war or crisis.

5. Military assistance to state and local civil governments is provided by DOMS through USACOM, and PACOM who act as DoD Planning Agents for MSCA. Military commanders are not subject to any authority other than the established military chain of command.

6. Conflicting demands for DoD resources in support of MSCA will be resolved by DoD Components through DOMS.

7. CONUSAs are the central planning point of contact for the FEMA regions for MSCA operations to integrate DoD efforts. CONUSAs are prepared to

coordinate MSCA operations in their geographic areas for DoD Components. Emergency fuel support may be channeled through the STARCs.

8. DoD resources may be applied in situations when guidance cannot be obtained from higher headquarters on a timely basis due to attack on the United States or other emergency circumstances. Emergency priorities for applying DoD resources in such situations are:

a. to save human life, prevent human suffering, and protect essential U.S. Government capabilities, including:

- (1) Continuity of U.S. Government.
- (2) Protection of U.S. Government officials.
- (3) Prevention of loss or destruction to Federal property.
- (4) Restoration of essential Federal functions.

b. to preserve or restore state and local governments services.

#### D. EMERGENCY REQUESTS AND SUPPORT SCENARIO

1. The President declares catastrophic disaster.

2. Director of Military Support (DOMS) executes MSCA by designating a supported CINC (after coordination with the CJCS) and provides guidance to the DoD Components regarding allocation of resources, reimbursement, etc. Degree of military involvement and resources support will depend on national and military priorities. (If the disaster is attack related and requires activation a contingency plans, the JS may assume responsibility for MSCA from DOMS.)

3. DoD Planning Agents (CDRs USACOM and PACOM) plan and support MSCA as directed by DOMS, upon designation as Supported CINC, execute MSCA operations to meet national priorities. The Supported CINC may be authorized in the DOMS execution order to task DoD Components directly to provide military resources when authorized by the Executive Agent.

4. Continental U.S. Armies (CONUSAs) are the regional military commands in CONUS which direct MSCA. By USACOM direction through FORSCOM, CONUSAs may be designated as Joint Regional Defense Commands (JRDC).

5. State Area Commands (STARCs) are the primary command/control element for National Guard forces within each State. STARCs are the state-level planning agency for MSCA; direct state-level civil relief activities in peacetime.

6. DLA Director provides guidance to the DESC Commander with respect to releasing bulk fuel and on reimbursing the Defense Business Operations Fund. Degree of reimbursement will depend on OSD guidance and supplemental appropriations provided by Congress.

7. Military Services provide bulk fuel at GOGO DFSPs as directed by DESC or DERs/DEOs. Release of on-base fuel is subject to direction of the Executive Agent through DOMS and the Supported CINC. Requests under imminent serious conditions may be handled if they conform to the criteria from "Immediate Response". Emergency support is provided IAW priorities listed in subsection C9 of this chapter. Free issues of fuel will be promptly reported to DESC-FI for recording such transactions in the DFAMS data bank.

8. Defense Energy Regions provide bulk fuel at GOCO/COCO DFSPs in support of civil defense emergency requests subject to emergency guidance (quantity limitations, etc.) set by the DESC Commander. Such guidance will be in consonance with the Executive Agent, OSD and DLA direction and guidance.

a. Emergency requests for fuel may originate from the DCO, CONUSA, FORSCOM, USACOM, or DOMS. Requests received from other entities should be validated, if possible, with the DCO prior to release.

b. Requests from civil authorities should be redirected to their associated FEMA regional office (see figure 16-1).

E. IMMEDIATE RESPONSE. MSCA may be executed by military commanders as "Immediate Response" under imminently serious conditions resulting from any civil emergency or attack. This response is taken to save lives, prevent human suffering, or mitigate great property damage. Any commander acting under "Immediate Response" authority shall advise the DOMS through command channels by the most expeditious means available and shall seek approval or additional authorization for continuing assistance whenever DoD resources are being committed.

1. In the event of imminent serious conditions resulting from any civil emergency or attack, all military commanders are authorized to respond to requests from the civil sector in order to save lives, prevent human suffering, or limit property damage. This immediate assistance by commanders will not take precedence over their combat and combat support missions, nor over the survival of their units.

2. Immediate Response is situation specific and may or may not be associated with a declared or undeclared disaster. These actions do not supplant established DoD plans for providing support to civil authorities. Commanders may use Immediate Response authority to assist in the rescue, evacuation and emergency medical treatment of casualties, the maintenance or restoration of emergency medical capabilities, and the safeguarding of public health. Commanders may also assist with the emergency restoration of essential public services and utilities.

3. Although immediate assistance will be given with the understanding that its costs will be reimbursed, it should not be delayed or denied when the requester is unable or unwilling to make a commitment to reimburse.

F. REIMBURSEMENT OF MILITARY RESOURCES. Guidance for reimbursement procedures for MSCA activities are contained in the DOMS execution order for MSCA event.

G. RESPONSIBILITIES. See DoD Directive 3025.1 (MSCA) for overall MSCA functional responsibilities assigned to the DoD Components.

## CHAPTER 17 -- TRAINING

A. GENERAL. This chapter provides administrative procedures in obtaining petroleum training courses for government personnel in the Defense Department and other Federal Agencies (military and civilian).

### B. RESPONSIBILITIES

1. DESC. The Commander, DESC shall:

- a. Coordinate training requirements with Military Services energy offices including other Federal Agencies.
- b. Utilize petroleum training programs of the Military Services in providing effective cross-training.
- c. Train DESC personnel through use of existing facilities (military and industry), programs, and training material.
- d. Develop standard DFAMS training instructions and programs in coordination with the Military Services.
- e. Provide DFAMS training at DERs/DEOs and DFSPs as required.

2. Military Services. The Military Services shall:

- a. Coordinate training courses availability as indicated in paragraphs B.1.b. and B.1.c., above.
- b. Submit requirements to DESC-F for training indicated in paragraph B.1.e, above, as required.

### C. TYPES OF TRAINING

1. Training provided by industry and cosponsored by DESC are as follows:

- a. Short orientation programs provided by industry for the indoctrination of military and civilian personnel of DoD and other Federal Agencies. Such programs usually include field trips to refineries and production fields, as well as classroom lectures on various aspects of the petroleum industry.
- b. Refresher courses of technical nature for QR, laboratory and inspection personnel.
- c. Extended programs in conjunction with formal postgraduate training of individual military officers to provide actual experience in the operations of the petroleum industry.
- d. Specialized training for military and civilian personnel of the United States and allied nations in some of the petroleum industry functions to prepare individuals for specialized petroleum assignments.

2. Training provided or sponsored by the Military Services are as follows:

- a. Courses provided for U.S. and allied military personnel at Military Service schools. Courses are designed primarily to prepare military personnel in technical and operational petroleum assignments.
- b. Joint military courses specifically designed to meet the needs of two or more Military Services.
- c. Correspondence courses specifically designed to meet the needs of active or inactive duty personnel.
- d. Programs designed for the training of reserve officers, including programs for reserve unit meetings and for 2 weeks active duty tours for training.
- e. Formal courses at civilian institutions in which military personnel are sent for postgraduate training in petroleum.
- f. Extended programs in conjunction with formal postgraduate training of individual military officers to provide actual experience in the operations of the petroleum industry.

3. DFAMS training provided by DESC includes specialized training for military and civilian personnel assigned to DERs/DEOs, DICPs, and DFSPs involved in DFAMS reporting functions. Training may take place at an individual location, DESC, DER/DEO, DICP, or in area seminars.

## CHAPTER 18 -- GASOHOL

### A. GENERAL

#### 1. This Chapter:

- a. Replaces Defense Energy Policy Program Memorandum (DEPPM) 88-5, "Gasohol Acquisition, Handling and Use," October 13, 1988. DEPPM 88-5 is hereby canceled.
- b. Provides guidelines for the acquisition of gasohol for use in Department of Defense (DoD) owned- and leased-administrative motor vehicles.

### B. POLICY

It is DoD policy that:

1. Gasohol procured by DoD is interchangeable and compatible with unleaded gasoline for use in all DoD-owned or -leased motor vehicles with spark ignition engines, and other equipment designed to consume gasoline, under all climatic conditions in the United States.

2. Whenever any motor vehicle capable of operating on unleaded gasoline that is owned or operated by DoD is refueled under the PC&S program or through use of SF-149 or other local purchase authority the following guidelines apply:

- a. In carbon monoxide (CO) control areas or ozone nonattainment areas requiring the use of oxygenated or reformulated gasoline, respectively, it shall be refueled with the oxygenated or reformulated gasoline that is available in and complies with applicable environmental regulations of that area.

- b. In all other geographical areas, it shall be refueled with unleaded gasohol if available at a price the same as or lower than unleaded gasoline. Depending on local environmental requirements, gasohol may or may not be considered an oxygenated gasoline under the "Clean Air Act," 42 U.S.C. 7401-7671 (CAA). Therefore, exemptions may be granted to the use of gasohol as stated in section E., below, with the exception of those CO control areas requiring the use of oxygenated gasoline where gasohol complies with local environmental requirements as an oxygenated gasoline and is the only oxygenated gasoline offered for use in that control area.

#### 3. This policy implements:

- a. Section 1-105 of Executive Order 12261 which requires DoD, to the maximum extent feasible and consistent with overall defense needs and vehicle management practices, to make contrast to purchase gasohol for use in motor vehicles the Department owns or operates.

- b. Section 10 of Executive Order 12759 which requires DoD and other Federal Agencies to reduce use of motor vehicle gasoline and diesel fuel by at least 10 percent by fiscal year (FY) 1995 in comparison with FY 1991. Section 10 of Executive Order 12759 and Federal Property Management Regulation (FPMR) Temporary Regulation G-56 encourage the use of blended gasoline, including gasohol, in achieving this goal.

### C. RESPONSIBILITIES

#### 1. The Defense Energy Support Center shall:

- a. Follow the practice explained in this chapter for Federal civil agencies as well as the DoD components in the procurement of gasohol under Bulk, Posts Camps and Stations (PC&S), and U.S. Government National Credit Card (GNCC) programs.

b. Require reporting activities to include in their submissions of gasoline requirements the extent to which oxygenated or reformulated gasoline requirements apply to their particular activity for that performance period. Further, reporting activities shall be required to advised DESC of changes in product specification(s) requirements.

c. Assume that operational activities, reporting a requirement for gasoline under the PC&S program, located in:

(1) CO control areas and ozone nonattainment areas requiring the use of oxygenated or reformulated gasoline, respectively, can store and use these products in compliance with the seasonal environmental regulations of the geographical areas in which the activities are located.

(2) All other areas, can store and use gasohol unless an activity submits an appropriate request for exception to its use. Absent the appropriate exception request, described in section D., below, automatically solicit a gasoline requirement for such reporting activity as "either unleaded gasoline or unleaded gasohol." Each exception request shall be reviewed to ensure submissions have cited authorized exemptions, and justifications have been submitted in the proper form and include all required information.

d. Maintain an automated system to track responses for exception to the use of gasohol by reporting activities located in those areas included under subparagraph C.1.c.(2), above.

e. Supply unleaded gasohol in areas included under subparagraph C.1.c.(2), above, against a gasoline requirement when gasohol is available at the same price as or a lower price than gasoline. The standard stock fund price for gasohol will be determined in accordance with DoD 7000.14-R.

f. Inform potential suppliers, in marketing areas located in areas included in subparagraph C.1.c.(2), above, and where the commercial fuel distribution system is adequate to promote competition, of the Federal Government's gasohol requirements. For example, in addition to inclusion of regular notices of solicitation in the Commerce Business Daily, request national and regional fuel marketing associations to include a notice of the Government's gasoline requirements, for which gasohol will be an acceptable substitute, in membership newsletters.

g. Ensure that DESCH 4280.1 reflects the policy stated in paragraph C.2.b.

2. The DoD Components shall:

a. Ensure that reporting activities submit gasoline requirements as required by DESC. Due to the nature of the PC&S program, activities should be prepared to receive no more than a 30- to 60-day notice before commencement of the scheduled fuel delivery period. The final award may change or be delayed for various legal or contractual reasons at any time prior to the beginning of the delivery period. All reporting activities, therefore, must be aware of these possibilities and be prepared to respond accordingly, i.e., by having fuel handling facilities ready to accommodate the delivery of oxygenated or reformulated gasoline or gasohol in lieu of conventional gasoline.

b. Ensure that requests, if any, for exception to the use of gasohol under the PC&S program are made in writing, on a line item basis, by reporting activities at the time their gasoline requirements are submitted to DESC. For approval, requests for exception to the use of gasohol must be in accordance with the exception criteria in section D., below.

c. Instruct activities that when making local purchases, in accordance with volume II, chapter 2, paragraph B.3., of this manual, gasoline requirements shall be satisfied by purchasing:

(1) Oxygenated or reformulated gasoline for use in CO control areas or ozone nonattainment areas requiring the use of oxygenated or reformulated

gasoline, respectively, complying with applicable environmental regulations of those areas;

(2) Gasohol in CO control areas when gasohol meets the oxygenated gasoline requirements referred to in subparagraph C.2.c.(1), above, if available at a price the same as or lower than oxygenated gasoline; and

(3) Gasohol in all other areas if available at a price the same as or lower than unleaded gasoline.

d. Ensure that exceptions employed by activities to the local purchase of gasohol are in accordance with the exception criteria in section D., below.

e. In accordance with section 1-102 of Executive Order 12261, when supplies of gasohol are not available, have the option to authorize activities to purchase a minimum of 197-proof anhydrous ethyl alcohol, conforming to ASTM Specification D4806, for on-site blending of alcohol. Blending of gasohol by activities should be authorized only if:

(1) The combined costs are comparable to unleaded gasoline costs;

(2) Appropriate blending and storage facilities are available;

(3) The necessary safety hazards involved with the blending of fuels are considered, such as those identified in Chapter 5 of MIL-HDBK-114; and

(4) The necessary quality surveillance measures are taken, such as those identified in Chapter 3 of MIL-HDBK-200.

f. Instruct civilian employees and Service members that whenever any DoD- owned or leased administrative motor vehicle is refueled using SF-149, it shall be refueled with:

(1) Oxygenated or reformulated gasoline in CO control areas or ozone nonattainment areas requiring the use of oxygenated or reformulated gasoline, respectively, complying with applicable environmental regulations of those areas;

(2) Gasohol in CO control areas when gasohol meets the oxygenated gasoline requirements referred to in subparagraph C.2.f.(1), above, if available at a price the same as or lower than oxygenated gasoline; and

(3) Gasohol in all other areas if available along the normal travel route of the vehicle at a price the same as or lower than unleaded gasoline.

g. Consult with the U.S. Army TACOM Mobility Technology Center-Belvoir, Attn: AMSTA-RBF/TARDEC) Ft. Belvoir, Virginia on all technical matters concerning the handling, use and standardization of ground fuels, including blended gasoline.

3. The U.S. Army Tank-Automotive Research, Development and Engineering Center (TARDEC) shall serve as the lead DoD activity on all technical matters concerning ground fuels, included blended gasoline.

#### D. EXCEPTION CRITERIA FOR USE OF GASOHOL

1. Under the PC&S program:

a. A request for exception to the use of gasohol must be submitted by a reporting activity in writing, on a line item basis, when the activity's unleaded gasoline requirements are reported to DESC. Blanket waivers e.g., memoranda describing problems generally associated with the handling or use of gasohol, whether issued by reporting activities, major commands or headquarters organizations, will not be accepted.

b. A request for exception to the use of gasohol, not based on the exemptions in subsection D.3., below, shall be considered by DESC, consulting with TARDEC, as needed. Such request shall be approved only if the reporting activity has demonstrated conclusively and certified that acceptance of gasohol for the individual line item requirement would cause:

(1) An adverse mission impact; or

(2) A net cost increase to the Government.

2. Under local purchases of gasoline by activities, as authorized by volume II, chapter 2, paragraph B.3., of this manual.

a. Exception to the use of gasohol must be recorded by an activity in writing, on a line item basis. Blanket waivers. e.g., memoranda describing problems generally associated with the handling or use of gasohol, whether issued by the activity, its major command or headquarters organization, are not sufficient.

b. Exception to the use of gasohol, not based on the exemptions in subsection D.3., below, shall be considered by consulting with TARDEC, as needed. Such exception shall be approved only if the activity has demonstrated conclusively and certified that acceptance of gasohol for the individual line item requirement would cause:

- (1) An adverse mission impact; or
- (2) A net cost increase to the Government.

3. Exception to the use of gasohol may be based on the following exemptions:

a. Exemption 1. Fuel support is required for multifueled engines powering the 2 1/2-ton and 5-ton military truck fleet at locations where multifueled engines must be refueled from gasoline tanks because diesel fuel storage tanks are not available, and performance of these engines is not satisfactory when using gasohol.

b. Exemption 2. Fuel support is required for motor vehicles used in operational or experimental programs to convert to a clean alternative fuel, or to a test fuel, respectively. The exemption is valid only for the specific storage and dispensing facilities supporting the clean alternative fuel operations or fuel testing. Requests for exception must indicate facilities involved and the duration of the operational or experimental program.

c. Exemption 3. Fuel support is required for a partial fleet of the exempt motor vehicles described in paragraphs D.3.a and D.3.b, above, and the petroleum product supply system is not able to maintain two grades of product segregated consistent with sound motor vehicle management practices.

d. Exemption 4. The only available storage tanks for gasoline contain water bottoms from which the water cannot be drawn off, to preclude alcohol/gasoline phase separation, only until such tanks have been replaced or modified to permit water removal. Requests for exception must indicate the date by which these problems will be corrected.

e. Exemption 5. The only available storage tanks for gasoline are coated internally with sealant resin systems that are incompatible with alcohol or gasoline-alcohol blends. Requests for exception must indicate when the tanks are scheduled to undergo inspection and repair. And when the interior surfaces of gasoline storage tanks are treated, only coating systems having a demonstrated compatibility with gasoline and gasoline-alcohol blends are to be used.

f. Exemption 6. CO control or ozone nonattainment areas requiring the use of oxygenated or reformulated gasoline, respectively, where gasohol is not considered an oxygenated or reformulated gasoline under the CAA.

## VOLUME III - NATURAL GAS

### CHAPTER 1 -- CENTRALIZED ACQUISITION PROGRAM

#### A. GENERAL

1. Contents. This chapter discusses policy guidelines and management responsibilities related to the centralized acquisition of direct supply natural gas from producers and regular dealers through competitive procurements. Recent deregulation of the natural gas industry in the United States and the availability of open access transportation on interstate and intrastate pipelines has created significant cost savings opportunities for DoD installations participating in the centralized direct supply natural gas acquisition program.

2. Authority. Defense Energy Program Policy Memorandum (DEPPM) 91-1, issued 17 Oct 90, assigned the mission of centralized acquisition of direct supply natural gas to the DLA, with the DESC serving as the implementing agent. In addition, DLA/DESC were assigned the additional responsibilities in California to perform central nominations, balancing, central payment, gas storage and pipeline transportation of direct supply natural gas. DEPPM 93-1, issued 12 Jan 93, superseded DEPPM 91-1 and provided updated and revised program guidelines and management responsibilities for DESC and the Military Services based upon recent changes in the natural gas industry, and as a result of experiences gained since the inception of the original DESC centralized acquisition program. DEPPM 93-1 provides the most current operating procedures, guidelines and management responsibilities for participants in the DESC direct supply natural gas program.

3. Applicability. The provisions of this volume apply to the OSD, the Military Services (including the Reserve components), the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Unified and Specified Commands, and the Defense Agencies (hereafter referred to collectively as "the DoD Components"). As used herein, the term "Military Services" refers to the Army, Navy, Air Force and Marine Corps.

4. Scope. DoD installations located in the continental (48) United States, and in Alaska.

#### B. POLICY

##### 1. Joint Objectives (DLA and Military Services)

a. Provide a reliable supply of natural gas at the lowest possible cost to DoD installations. Mission support and energy reliability will take precedence over all other considerations in this acquisition process.

b. Assure that DoD installations have secure and reliable sources of energy to fulfill their mission.

c. Cooperate and support the centralized direct supply natural gas acquisition program to enable DoD to maximize available cost savings.

d. Assure that no actions will be taken to bypass Local Distribution Company (LDC) systems without prior approval of the DUSD(ES).

##### 2. Participation Guidelines

a. All DoD installations utilizing natural gas will participate in the DESC direct supply natural gas program. Participation is defined as:

(1) Providing appropriate natural gas requirements data such as historical and projected natural gas use, alternative fuel capability and associated site costs, sufficient to allow DESC to perform an economic evaluation to determine whether to include the installation's requirements in a solicitation.

(2) Providing the necessary support for contract post-award administrative requirements such as performing nomination, balancing and payment functions in accordance with the DESC contract provisions. Installation costs associated with these functions will be considered during the economic evaluation process.

b. Installations will not be included in the DESC direct supply natural gas program if results of the economic analyses indicate negligible or improbable savings. Other possible reasons for not participating in the program may include:

(1) The LDC will not provide transportation of direct supply natural gas from the citygate to the installation;

(2) Base realignment and closure actions;

(3) Existing contractual arrangement with the LDC or with an existing multiyear direct supply natural gas supplier (contracts awarded by the Military Services) with better prices or with termination liabilities exceeding the projected DESC direct supply contract cost benefits;

(4) Loss of utility-sponsored demand side management program benefits that are greater than the potential savings available via the DESC direct supply natural gas program;

(5) Ongoing or pending legal or regulatory action in which the Government's interests would be adversely affected by participation in this program.

c. In cases where DESC and the Military Services cannot reach agreement, program participation will be decided by OSD through the Chairman of the Defense Utilities Energy Coordinating Council (DUECC).

### 3. Economic Criteria

a. Each installation will pay the actual costs associated with the acquisition of direct supply natural gas. These costs include the cost of the natural gas commodity, and applicable pipeline transportation, storage costs, and backup or standby charges (as applicable and appropriate) for the installation, along with established operating, general and administrative costs directly associated with this program.

b. The estimated total annual and average unit cost of the direct supply natural gas provided to an installation through this program will be lower than that offered by the LDC at the time of contract award, or the comparable per unit cost of any alternative energy readily used by the installation, measured at the burner tip. Cost factors to be utilized in the direct supply natural gas economic analyses are outlined in paragraph B.3.a., above.

### 4. Contracting

a. DESC (serving as DLA's agent) has sole responsibility for contracting for direct supply natural gas requirements within the DoD.

b. Natural gas will be acquired for DoD installations via DESCs centralized competitive procurements when such contracts are cost effective and consistent with the policy of providing secure and reliable service in support of the installation mission.

c. DESC may enter into advisory and assistance contracts to address all issues associated with the competitive acquisition of direct supply natural gas, to include but not limited to: market identification, pipeline transportation, storage and economic analysis of gas supply options.

### 5. Requirements

a. In order to enable DoD to maximize available cost savings from the centralized direct supply natural gas program, maximum participation of eligible DoD installations in the DESC program is required.

b. Military Services and Defense Agencies will submit their direct supply natural gas requirements to DESC, Directorate of Alternative Fuels (DESC-A) through the central control points listed in section H. of this

chapter. Submission of these requirements to DESC-A will be in the standardized format shown in appendix A of this volume.

c. Direct supply natural gas requirements will be coordinated and consolidated by procurement area in an effort to reduce product and transportation costs. Appendix B of this volume provides the geographic breakdown of the current DESC direct supply natural gas procurement areas. The requirements' submission schedule for the DESC direct supply natural gas program is incorporated within DESC 4220.1, and summarized in appendix C of this volume.

6. Budgeting. DLA and the Military Services shall develop, program, and execute independent budgets to meet their obligations under the direct supply natural gas program.

### C. RESPONSIBILITIES

1. The Office of the Deputy Under Secretary of Defense (Environmental Security) ODUSD(ES) shall:

a. Establish/coordinate policies and provide guidance to DoD Components for the management of direct supply natural gas programs, systems, and procedures, and ensure their effective implementation.

b. Request access to DoE natural gas reserves, as needed, in support of DoD natural gas requirements, pursuant to 10 U.S.C. Section 7430 (1).

c. Resolve DoD installations program participation differences between DESC and the Military Services, via the Chairman of the DUECC.

2. The Secretary of Defense Comptroller (OSD(C)) shall:

a. Establish budgetary and funding policies and guidance for DoD Components for the management of natural gas requirements.

b. Establish and coordinate policies and guidance for the design and implementation of management information systems related to natural gas.

3. The Director of Logistics/J4, Joint Staff shall:

a. Advise DUSD(ES) on policies, programs, and responsibilities relating to natural gas in support of military forces' contingency plans and recommend allocation in CONUS during crises.

4. The Defense Energy Support Center (DESC) as DLA's agent shall:

a. Serve as the single manager for acquisition of direct supply natural gas for DoD installations.

b. Publish and maintain an acquisition schedule for the DESC direct supply natural gas program (see appendices B and C of this volume).

c. Consolidate (by procurement areas) natural gas requirements reported by the Military Services in support of DoD installations.

d. Perform or arrange for the economic analyses of various supply options.

e. Prepare solicitations, and award and administer contracts for the acquisition of direct supply natural gas to the designated delivery points, and for natural gas storage acquisition when determined to be economically advantageous.

f. When agreed upon by both the Military Services and DESC, perform contract administration functions such as the placing of nominations, balancing and payment of invoices to the DESC contractor (as is currently the case for installations located in California).

g. Determine the availability of competitive natural gas and pipeline transportation, and investigate opportunities for reducing energy costs through the centralized acquisition process. DESC will work with suppliers, interstate pipelines and LDCs to increase opportunities for the acquisition and delivery of direct supply natural gas.

h. Monitor FERC and pipeline transportation rates, and advise the Military Services and the DUSD(ES) of findings pertinent to the success of the program.

i. Provide periodic procurement status reports to the Military Services outlining the status of each centralized acquisition of natural gas and pipeline transportation.

j. Arrange regional training for the Military Services for the centralized acquisition of direct supply natural gas.

k. Monitor gas market and industry trends and provide reports to the Military Services on significant issues.

l. Explore the feasibility of obtaining Federal royalty gas and strategic gas, such as Naval Oil Shale Reserves (NOSR) gas.

m. Notify the Military Services of any potential for rate intervention identified during centralized direct supply natural gas procurement activities.

n. For the State of California, perform central nominations, balancing, central payment, gas storage, and pipeline transportation of natural gas.

o. Provide to the DUSD(ES) and the Military Services an annual report, no later than 15 December of each year, on the status of the direct supply natural gas program. Items to be covered should include total operating costs at DESC and the participating installations, savings by installation, trends (such as impact of new FERC orders or changes in the industry), and any recommendations for program improvement.

5. The Military Services shall:

a. Plan, program, budget, and fund natural gas requirements in support of installations under the DLA/DESC centralized direct supply natural gas contracts.

b. Provide natural gas requirements via interruptible and firm transportation to DESC, including any special or installation specific requirements or constraints, such as special service arrangements with the LDC, which may need to be identified in a solicitation. The format to be utilized for submitting requirements to DESC-A is provided in appendix A of this volume.

c. Indicate in the requirements submission package (DESC Form 2.52, block 10) the desired delivery point for the direct supply natural gas; usually either the LDC citygate or the installation's burner tip. When designating the installation's burner tip, the installation or Military Service must also indicate (block 10) if the LDC will allow a DESC contractor to process the transportation agreement with the LDC on behalf of the installation. This information is critical to have in order for DESC to pursue burner tip delivery for an installation.

d. Maintain the installation/LDC relationship regarding transportation of the natural gas from the citygate to the burner tip, when the DESC contracts specify delivery to the LDC citygate.

e. Maintain the LDC gas utility service contract when the LDC delivered cost of gas is less than the DESC direct supply natural gas cost delivered to the burner tip, taking into account appropriate gas supply, transportation and administration costs (including any surcharges).

f. Monitor state regulatory commissions' activities and advise DESC of any regulatory action that may affect the DESC direct supply natural gas program.

g. Continue to provide utility rate expert and regulatory/rate intervention services for cost of service analysis and rate intervention support for all Military Services' installations in the LDC territory in which the Military Service is the dominant user. These services shall be provided for DESC on a reimbursable basis when so requested.

h. Perform economic analyses as desired, validate installations' natural gas requirements, and provide appropriate requirements (including technical specifications) to DESC in accordance with the published natural gas acquisition schedule.

i. Jointly review with DESC the economic analysis of the various supply options that have been developed by DESC.

j. Participate in the development of technical criteria for DESC direct supply natural gas solicitations and participate during the technical review of proposals offered against these solicitations.

k. Ensure their installations have LDC transportation agreements in effect for those DESC contracts specifying delivery to the LDC citygate, prior to the initial delivery start date as specified in the DESC direct supply natural gas contracts.

l. Ensure that installation personnel associated with DESC direct supply natural gas contracts and LDC pipeline transportation agreements are properly trained in the use of these contracts.

m. Nominate and issue delivery orders, via their individual installations, against the DESC direct supply natural gas contracts, unless otherwise agreed upon by DESC and the installations.

n. Make timely payments, via their installations, to contractors for direct supply natural gas and LDC services, unless payment responsibility has been assigned otherwise, as agreed upon by DESC and the installations or their Military Services.

o. Report promptly any problems with direct supply natural gas delivery or contract solicitation information to DESC.

p. Gather and provide to DESC annual installation administrative costs associated with performing pre-award and post-award functions by November 15 of each year for incorporation into the DESC annual report.

## CHAPTER 2 -- CENTRALIZED CONTRACTING PROCESS

### A. DIRECT SUPPLY NATURAL GAS CONTRACT TRANSITION

1. In accordance with Defense Energy Program Policy Memorandum (DEPPM) 93-1, DESC is assigned the sole responsibility to contract for direct supply natural gas requirements for DoD installations. All requirements for direct supply natural gas will be submitted to DESC-A via the Military Service Utility Management Offices (SUMOs) listed in section H. of this chapter.

2. The Military Services will submit requirements to DESC for installations which have their own direct supply natural gas contracts expiring (this includes expiration of the basic contract delivery period or any option year delivery period) during the forthcoming DESC contract delivery period. The delivery start-up period for those installations stated in the new DESC contracts will coincide with the expiration date of the existing Military Service contracts. Installations in the DESC procurement areas to be solicited that have existing long term contracts that are not due to expire (basic contract or option year delivery periods) during the forthcoming DESC contract delivery period may not be provided for inclusion in the DESC market survey and analysis.

3. For those installations which have existing contracts with option renewal periods, an economic analysis will be conducted by DESC, and jointly reviewed by the Military Services and DESC, prior to the Military Services exercising each contract extension option. A decision matrix outlining the procedures to follow when evaluating the transition of existing Military Service direct supply natural gas contracts to DESC is provided in appendix E of this volume.

4. Existing direct supply natural gas contracts awarded by the Military Services will continue to be administered by the responsible Military Service up to the first renewal option, if such option exists, until and unless formally turned over by the Military Services to DESC.

### B. CONTRACT ADMINISTRATION

1. DLA/DESC has contract administration responsibility for contracts awarded by DESC. Particular responsibilities pertaining to Government-contractor relationships, which are reserved exclusively to DESC include:

- a. Modifications affecting price;
- b. Complaints by contractors or requiring activities;
- c. Disputes between contractors and the Government; and
- d. All matters pertaining to performance by contractors making deliveries of natural gas ordered by the Government.

2. Military Services will report problems associated with DESC contracts or contractor performance to DESC-A.

3. Military Services have contract administration responsibility for contracts negotiated/awarded by them. The Military Services will retain such responsibility until/unless formally transferred to DESC. Detailed operating arrangements for this effort will be negotiated as necessary and approved at the working level offices designated in section H. of this chapter.

C. CONTRACTING PROCESS. This section discusses issues related to both interruptible and firm type direct supply natural gas contracts for which DESC is assigned responsibility. If there is a conflict between this summary and the contract, the contract would take precedence.

#### 1. Procedural Summary

a. DESC shall solicit and award contracts for natural gas via interruptible and firm transportation based on the type of natural gas requirements submitted by the Military Services.

b. The requirement for an installation to participate in the DESC program and to place orders against assigned contracts shall be based on the economic analyses performed by DESC. DESC and the Military Services will jointly review these analyses to determine if the DESC contract is the best method to achieve maximum overall savings for the length of the contract delivery period.

c. Economic analyses will be conducted for each installation in three stages as noted below:

(1) Prior to submission of requirements, DESC will conduct a screening to eliminate service territories and installations that on first appearance are unsuitable;

(2) Prior to inclusion of requirements in the DESC solicitation, a computation will be done by DESC to include all appropriate gas supply and cost factors submitted by the installations and market data available to DESC. This economic analysis of gas supply options will be jointly reviewed by DESC and appropriate Military Service representatives. A copy of a "generic" economic analysis spreadsheet format is provided in appendix F of this volume.

(3) At the time of initial offers the offered prices will be used by DESC to update the analyses in subparagraph C.1.c.(2), above. Any significant changes to the economic analyses will be provided to the appropriate Military Service representatives.

d. Installations will not be included in the DESC solicitation if the stage 2 analysis indicates negligible or improbable cost savings. If included in the solicitation, installations will be withdrawn if the economic analyses performed by DESC after receipt of initial offers (at stage 3, above) indicate negligible or improbable cost savings. In unusual cases where there are no cost savings for an individual installation at time of BAFOs, DESC and the affected Military Services shall determine the best course of action for the Government, since other installations may be adversely affected by the potential withdrawal of an installation this late in the acquisition process.

e. Gas requirements submitted to DESC shall designate whether a contract for interruptible or firm transportation is requested. For those requirements for interruptible gas, where monthly switching is permitted between "sales" and "transportation" gas by the LDC, the most economic source of gas on a monthly basis will be utilized. This cost comparison will be accomplished by DESC comparing the projected DESC contractor price for the coming month to the published LDC tariff price for the coming month.

f. For those requirements for both firm gas, and for interruptible gas where monthly switching is not permitted between "sales" and "transportation" gas by the LDC, the economic analyses performed in stages 1 through 3, above, will determine if the installation will participate in the DESC direct supply natural gas contracting process. Once a contract is awarded the installations will be required to place orders under the direct supply natural gas contract even if the LDC subsequently lowers its price for the mandatory contract delivery period. DESC will NOT award "take-or-pay" contracts in which installations must pay a penalty if they have no requirement for gas. However, transportation pipeline capacity reservation/demand charges will apply for firm contracts.

g. The installations will maintain their retail purchase relationship with their current LDC, when the DESC contract specifies delivery of the natural gas to the LDCs citygate.

2. Prior to Solicitation

a. DESC shall notify the SUMOs of the procurement areas to be solicited and request basic data needed for solicitation. If agreeable to the SUMOs, DESC may notify the major commands or claimants, engineering field divisions or installations directly, with an info copy of the request to the SUMOs. (See section H. of this chapter for SUMO locations and phone numbers.)

b. SUMOs are responsible for reviewing installations' requirements and advising DESC if inclusion in the proposed DESC solicitation would adversely impact any ongoing or planned LDC rate intervention activity, demand side management programs or LDC investment programs, or if any changes are anticipated in the LDCs rate structure which would impact on the decision to include the installation in the DLA solicitation. SUMOs should also advise DESC of any installations to be affected by planned base realignment and consolidation plan or, on an installation basis, of any technical changes in future natural gas requirements or energy systems serving those specific requirements.

c. SUMOs shall provide installation specific data to DESC in accordance with the guidelines of the published DESC natural gas acquisition schedule (See appendix C of this volume and DESC 4220.1.) If agreeable with the SUMOs, the major commands, engineering field divisions or installations may provide the data directly to DESC with an information copy to their SUMO. Submission of this data will be in accordance with instructions provided by DESC (DD Form 2692 will be utilized), but will generally require the following items:

(1) Indication of LDC's willingness to transport natural gas, and the applicable rate schedules.

(2) Identification of the terms, conditions and renewal date(s), if any, for existing direct supply natural gas contracts.

(3) Monthly historical gas use that is appropriate for interruptible and/or firm service requirements; peak day load for interruptible service, if available; maximum daily quantity for firm service, if available.

(4) Alternate energy sources and current cost.

(5) Points of contact at each activity - name and address of ordering office, invoice receiving office, payment office and contracting office.

(6) Specific technical criteria, if unique to a particular installation, to be included in the DESC solicitation.

(7) Designation of the desired delivery point (usually the LDC's citygate or installation burner tip, and the LDC's willingness to allow a DESC contractor to negotiate transportation agreement on behalf of the installation (if burner tip delivery is requested)).

d. SUMOs initiate, or ensure that the installation initiates, a formal agreement with the LDC for transportation of the contract gas volumes, when the DESC contract specifies delivery of the natural gas to the LDC citygate. The appropriate tariff rates will be provided to DESC by the SUMO or the installation. The LDC transportation agreement must be formalized and in place prior to the anticipated contract delivery period. Transportation agreements with the LDC are generally accomplished by one of the two following methods:

(1) The most frequently used of the two methods is the utilization of the GSA area wide contract (if available) to provide for the necessary natural gas transportation service. A supplemental agreement to the existing area wide contract (usually designated as Exhibit "A") is initiated between the LDC and the customer to provide for the transportation service from the LDC's citygate up to the installation's burner tip.

(2) When a GSA area wide contract is not available, a separate negotiated contract with the LDC can be accomplished in accordance with the Utility Services Section of the FAR, Part 8. These provisions allow for the

negotiation of the majority of contract clauses normally required in the Government contracting process.

e. DESC will develop an economic analysis of the gas supply options.

f. DESC and the Military Services shall conduct a joint review of the economic analysis to determine which installations will participate in the acquisition process.

g. DESC incorporates requirements into the solicitation package and issues the RFP. Copies of the DESC solicitation package will be provided to each Military Service.

### 3. After Solicitation

a. Upon receipt of initial offers, DESC will revise as necessary the economic analysis for all participating installations and advise the Military Services of any installations that should be removed from the solicitation based upon a lack of cost savings opportunities.

b. The Military Services will participate in the review of the technical information submitted as part of the proposals offered in response to the DESC direct supply natural gas solicitation to determine those offerors which are technically qualified.

c. DESC will advise the Military Services of any installations that reflect no cost savings, and the apparent economic impact on those installations and all others in the contract package if the non-economic installations were withdrawn at this time. A similar review will be conducted at the time that Best and Final Offer (BAFOs) are evaluated. A coordinated decision will be made by DESC and the affected Military Services as to the course of action to follow in instances of this nature.

d. Prior to planned gas delivery date, DESC is responsible for making a regional training course available to Military Services' installation personnel to enable them to carry out their contract support responsibilities.

e. The Military Services shall assure that personnel at all installations participating in the program are sufficiently trained to carry out their responsibilities.

### 4. Post Award

a. Installation personnel are responsible for issuing contract delivery orders and nominations, receipting for gas and paying contractor invoices, unless otherwise agreed upon by DESC and the Military Services. In California, DESC handles these functions and the installations reimburse DESC for these applicable costs.

b. Each installation covered by the contract is responsible for monthly nomination of gas quantities based on projected gas consumption during the subsequent month. If they order gas from the DESC contract, installations are responsible for making sure that they don't order more than they use in the subsequent month or, if they do, they make it up in the balance period specified in the contract with the LDC, or they pay the resultant penalty, if any.

c. Installations will maintain their relationship with their current LDC, when the DESC contract specifies delivery of the natural gas to the LDCs citygate, when the LDC allows switching, or when the installation is buying gas under a contract with the LDC. For interruptible and/or firm transportation contracts, natural gas service and backup, if appropriate, will be obtained from the LDC under tariff rates, terms and conditions. Determining which gas to order will be based on a comparison of the DESC unit price for direct supply natural gas delivered to the burner tip (with surcharge and including the cost of backup service if appropriate), to the LDC's tariff unit price of gas in effect and available at the time the monthly nomination must be made to the DESC contractor.

d. Installations will furnish DESC, and their SUMO and/or Major Claimant/Command as appropriate, copies of each delivery order and invoice, and immediately notify the above of any gas supply or contract problems.

#### D. CURTAILMENT PROCEDURES

1. When a natural gas curtailment occurs that impacts an installation on the DESC program, DESC shall determine the best course of action in coordination with the installation.

2. When the contract stipulates primary and secondary supply sources and transportation routes and the secondary source is available, no additional action shall be required.

3. When the contract does not stipulate secondary supply and transportation or when the secondary is curtailed also, DESC shall obtain the market range for natural gas in the area of the installation, review the contractor's alternative plan (if provided). The installation shall provide the following information:

a. Alternative fuel capability/availability, quantity, and cost.

b. Availability of stored gas.

c. Type of LDC backup gas.

d. Installation preference should the contractor not be able to provide gas via an alternative plan that is priced within the market range.

e. Other pertinent information.

4. DESC and the installation shall jointly determine which alternative to employ to meet the installation's requirements during the curtailment: contractor's alternative plan, emergency purchase of gas, stored gas, LDC gas, or alternative fuel. DESC shall perform all necessary contracting efforts if the contractor's alternative plan or an emergency purchase is selected.

E. ORDERING, INVOICING, AND PAYMENT PROCEDURES. The following procedures set forth monthly ordering, invoicing and payment instructions to be followed by all installations participating in the DESC direct supply natural gas program, with the exception of those installations located in California. Detailed procedures which address the ordering, invoicing and payment procedures for installations located within California are provided for in appendix D of this volume.

1. Gas Forecasting, Nominating and Ordering Procedures are as follows:

a. Beginning on the 15th of each month, installations shall obtain the necessary information to aid them in determining quantities of natural gas to be delivered in the following month. This information is usually obtained at the utilities/energy engineering level and consists of information such as historical gas usage (looking at those periods of time that closest resemble the installation's present gas load size and considering extreme weather conditions such as coolest and warmest periods), seasonal weather predictions, mission changes, facility or base expansions or reductions, etc.

b. If monthly switching IS NOT allowed, the installation must place orders against the contract for its natural gas requirements for the duration of the contract delivery period. Even if the LDC subsequently lowers its tariff prices for the installation, the terms of the contract must be followed. NOTE: Rule of thumb when monthly switching is not allowed: Always order gas under the terms of the awarded DESC contract.

c. Beginning on the 15th of the month, DESC shall obtain information on established LDC tariff city-gate prices and estimated DESC contract prices for the following month. These prices serve as a guide to determine, for those installations where monthly switching between the LDC gas and DESC gas

is allowed, whether an installation should order from the DESC contractor or the LDC for the following month. These prices can also be used by the installations to estimate the total dollars to be obligated on their delivery orders.

d. For those installations where monthly switching IS allowed, DESC will notify the installation before the interstate pipeline nomination deadline date which source of gas (LDC or DESC contractor) is the most economical for the coming month. Accordingly, the installation shall order the most cost effective gas available, as per DESCs direction. NOTE: Rule of thumb when monthly switching is allowed: Always contact the DESC-A point of contact to determine the most economical source of gas for the coming month.

e. Installations shall place their order with the contractor at least 1 working day (24 hours) prior to the pipeline nomination deadline. If an order is not placed within this timeframe, the contractor is not contractually obligated to deliver, and the Government's failure to submit a timely order may constitute a breach of the contract. Pipeline nomination schedules can be obtained either from the pipeline or by calling DESC-AR on DSN 284-9376 or commercial (703) 274-9376.

f. Pursuant to contract clause I700, orders may be transmitted either telephonically or by facsimile to the DESC contractor, but must be confirmed within 24 hours with a written delivery order. A written delivery order (DD Form 1155) is a confirmation that the order was placed in a timely manner and for a specific quantity. Copies of the written delivery order are required to be provided to DESC-A.

g. To ensure that the ordered quantity will be as close to actual consumption as possible, gas meters must be read at a minimum of at least once a week. If the nomination appears to be out of line with actual usage, contract Clause I700 allows an adjustment (by the ordering office) to the original nomination within a given plus (+) or minus (-) percentage without additional cost to the Government. Any adjustments (increase and/or decrease) in the nominated quantity outside of the range established in the contract, must be negotiated by the DESC Contracting Officer. Under no circumstances can an installation agree to a delivery order change outside the range established in the contract without consulting the DESC Contracting Officer. Any changes to the original delivery order quantity must be confirmed in writing with a copy provided to DESC-A by FAX, DESC-A FAX # DSN 284-4557 or commercial (703 )274-4557. NOTE: When nominating and/or adjusting nominations, installations' personnel must be well versed in the LDCs policy on balancing to avoid, as much as possible, any penalty situations. It should also be noted that the DESC contract specifies that ordering, nomination, and adjustment of quantity (balancing) procedures shall comply with applicable LDC and interstate transportation procedures and agreements.

h. occasion, an installation may find its supplies curtailed by the interstate pipeline, with the most common reasons being weather and/or over-nominated pipeline capacity during peak seasons. The following procedures apply:

(1) Under current DESC contracts, the contractor must notify the DESC Contracting Officer and the installation Ordering Officer within two hours of the pipeline's notification of the curtailment or interruption. The DESC contractor's plan for continued delivery via an alternate route and/or alternate source of supply may only be approved by the DESC Contracting Officer. The installation, meanwhile, shall obtain information regarding the cost of utilizing an alternate fuel and/or the cost of utilizing LDC gas.

(2) In those contracts where applicable, a curtailment on the primary pipeline will automatically result in the contractor switching to a secondary pipeline. Only if curtailment occurs on both the primary and secondary pipelines will an alternate delivery plan be submitted by the

contractor. In this circumstance, the installation shall again obtain information regarding the cost of utilizing an alternate fuel and/or the cost of utilizing the LDC's gas.

(3) In either of the two circumstances described in paragraphs E.1.h.(1) and (2), above, the contractor's alternate delivery plan for the curtailed quantities will probably be higher than the established contract price. However, the Government may choose to accept the contractor's alternate delivery plan (and resultant higher price) only if the Contracting Officer can determine the excess cost as consistent with current market conditions, the curtailment is verified, and this plan is the most cost effective option available to the installation.

## 2. Invoice Certification and Paying Procedures

a. On the first of each month, or shortly thereafter, the installation shall contact its LDC to obtain information on the quantity of gas the contractor delivered to the LDC's system for the previous month on behalf of the installation. However, if the delivery point is not the LDC's citygate, but directly into a pipeline system, the installation shall contact the pipeline for delivery documentation. In either case, the installation shall request an "imbalance statement" from the LDC and a copy of the pipeline's daily "delivery record" to its account of the contractor's deliveries. This information is required to verify quantities delivered against the quantities invoiced by the contractor. If an LDC reads the meters electronically, the installation shall request a natural gas consumption printout showing daily quantities received from the contractor and daily quantities consumed by the installation. This documentation is a very useful tool for an installation to use to verify quantities invoiced by the contractor. Contract Clauses G700 and I3.01 apply to payment of contractors' invoices. Upon receipt, a copy of the contractor's invoice shall be provided by the installation to DESC-A.

b. When certifying a contractor's invoice for payment, installations must verify the unit prices invoiced. The contractor will be paid the lesser of the contract price in effect at the time of delivery or the invoiced price. The prices shown in the monthly DESC price modification (identified as "PA" modification) are the contract prices adjusted in accordance with Clause B700. Price modifications are issued in the month in which the deliveries are made.

c. Price adjustments may also occur where an alternate delivery plan is approved, or when an order has been revised in excess of the percentages allowed by the contract and thus requires negotiations. In circumstances such as these, the appropriate price to be paid is stated on an administrative contract modification (identified as a "PO" modification). Therefore, an installation will certify the invoice for the entire delivered quantities at the contract price in accordance with the "PA" modification and the additional costs would be paid at a later date in accordance with the "PO" modification. The contractor shall submit a claim for price adjustment, under Clause F700, in situations in which additional costs are involved. DESC shall review and approve claims and issue "PO" modifications covering equitable adjustments, when required.

d. Once an installation has certified the quantity of gas delivered and the price at which that quantity is to be paid, the invoice must be forwarded immediately for payment to the designated paying office. In accordance with the Prompt Payment Act, the 30-day window for payment processing commences when the invoice is received at the designated billing office or invoice receiving office (i.e., the location designated in the contract where the contractor first submits the invoice), or 30 days after Government acceptance of supplies delivered. Acceptance of direct supply natural gas under the contract is deemed to have occurred no later than the 7th day after the delivery month ends. If the office that initially receives the invoice is

other than a Finance or Payment Processing Center (i.e., the ordering office), the 30-day payment clock starts upon receipt at the first office, not when received at the Finance Office. By statute, the entire certifying and payment process of a proper invoice must be accomplished within the 30-day window. Otherwise, interest must be paid by the installation. Remember, if there are any discrepancies which an installation cannot resolve in a timely manner, DESC-A or the DESC Contracting Officer must be notified.

#### F. SOLICITATION/CONTRACT DISTRIBUTION

1. The DESC Contracting Officer (DESC-A) shall distribute copies of the direct supply natural gas solicitations and amendments. These documents will be distributed directly to the Military Service addresses listed in section H. of this chapter along with each installation's ordering office, as listed in Clause I700 of the applicable solicitation.

2. After contract award, copies of the DESC direct supply natural gas contract award documents will be immediately distributed by DESC-A. Advance "fax" copies of the contract cover page, schedule and the page depicting the ordering office will be sent to the Military Service addresses listed in section H. of this chapter along with the ordering office for each installation listed in the contract award document. Follow-up (complete) copies of the contract award package are mailed to each to each of the Military Service addresses (section H., this chapter), along with copies to the invoice receiving office, payment office and the ordering office for each installation listed in the contract award package.

3. DESC-PN shall distribute copies of contract modifications (administrative "PO" and price adjustment "PA" modifications). Distribution of these documents is made directly to the Military Service addresses (section H., this chapter), along with the paying office and ordering office for each affected installation.

#### G. DIRECT SUPPLY NATURAL GAS (DSNG) TRAINING PROGRAM

1. DESC will coordinate a training program aimed at providing the basics of the DSNG program for Military Service and installation personnel.

2. Competitive Natural Gas Administration Seminars, which are taught by the Air Force's 3440th Technical Training Group, will be conducted at a frequency and at locations deemed appropriate to meet the installations' needs. DESC shall publish a schedule of seminars at the beginning of each fiscal year. A message announcing each seminar will be sent approximately 45 days prior to the seminar, with a followup message giving all of the pertinent administrative details about the seminar being sent approximately 30 days prior. Seminar attendees will be responsible for registering for the seminars in accordance with the instructions in the messages and for funding their travel and per diem.

#### H. CENTRAL TECHNICAL AND PROGRAM MANAGEMENT OFFICES

1. Defense Logistics Agency  
Defense Energy Support Center ATTN: DESC-A Cameron Station Alexandria,  
VA 22304-6160  
COM: (703) 274-7421/7423 DSN: 284-7421/7423
2. Army  
U. S. Army Engineering & Housing Support Center ATTN: CECPW-C Fort  
Belvoir, VA 22060-5516  
COM: (703) 355-7361/7363 DSN: 345-7361/7363
3. Navy

Naval Facilities Engineering Command ATTN: Code 165 Alexandria, VA  
22332-2300

COM: (703) 325-0103/0135 DSN: 221-0103/0135

4. Air Force

HQ Air Force Civil Engineering Support Agency ATTN: HQ AFCESA/ENE 139  
Barnes Drive Tyndall AFB, FL 32403-5319

COM: (904) 283-6463/6356 DSN: 523-6463/6356

5. Marine Corps

(See Navy location)

APPENDIX A

DIRECT SUPPLY NATURAL GAS DATA REQUIREMENTS <i>(Read instructions on back before completing form.)</i>				1. REPORT DATE (YYMMDD) 27 Jan 94		2. DATE DATA REQUIRED (YYMMDD) 1 Feb 94					
3. INSTALLATION a. NAME FT. GORDON			b. ADDRESS (1) STREET 5950 BEE ST.			(2) CITY DALLAS		(3) STATE TX	(4) ZIP CODE 12345		
c. DODAAC/UIC AE1432			4. LOCAL DISTRIBUTION COMPANY (LDC) a. NAME GAS CO OF N. MEXICO			b. ADDRESS (1) STREET P.O. BOX 151			(2) CITY DALLAS	(3) STATE TX	(4) ZIP CODE 12345
5. LDC SALES TARIFFS N/A				6. LDC TRANSPORTATION TARIFFS \$1.27 per KCF							
7. LDC TRANSPORTATION POLICY											
a. WILL LDC TRANSPORT GAS (X as applicable) (1) FIRM (2) INTERRUPTIBLE			YES	NO	b. DOES LDC ALLOW SWITCHING (X as applicable) (1) FIRM GAS (2) INTERRUPTIBLE GAS			YES	NO	(3) IF YES, SPECIFY FREQUENCY OF SWITCHING	
			<input checked="" type="checkbox"/>	<input type="checkbox"/>				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
8. CURRENT CONTRACTOR a. NAME GULF GAS UTILITIES			b. ADDRESS (1) STREET 2450 SOUTH SHORE BLVD			(2) CITY LEAGUE CITY		(3) STATE TX	(4) ZIP CODE 77573		
9. CONTRACT DATA											
a. CONTRACT NUMBER 30			b. START DATE (YYMMDD) 87 Dec 01		c. NUMBER OF OPTION YEARS 4 option years		d. TERMINATION DATE (YYMMDD) 94 Sep 30				
e. NUMBER OF DAYS NOTICE TO TERMINATE 30			f. SPECIAL TERMS AND CONDITIONS (Continue in Remarks on back if necessary) NONE								
10. GAS REQUIREMENTS DATA											
10.a. GAS REQUIREMENTS DATA			10.b. UNIT OF MEASUREMENT								
MONTH (1)	FIRM GAS (2)	INTERRUPTIBLE GAS (3)	MONTH (1)	FIRM GAS (2)	INTERRUPTIBLE GAS (3)	MONTH (1)	FIRM GAS (2)	INTERRUPTIBLE GAS (3)			
JANUARY	206,000	0	MAY	30,000	0	SEPTEMBER	25,000	0			
FEBRUARY	142,000	0	JUNE	27,000	0	OCTOBER	35,000	0			
MARCH	133,000	0	JULY	26,000	0	NOVEMBER	108,000	0			
APRIL	74,000	0	AUGUST	28,000	0	DECEMBER	167,000	0			
c. TOTAL FIRM GAS CONSUMPTION 1,000,000			d. TOTAL FIRM GAS REQUIREMENTS 980,000			e. FIRM GAS MAXIMUM DAILY QUANTITY 7,200					
f. TOTAL INTERRUPTIBLE GAS CONSUMPTION none			g. TOTAL INTERRUPTIBLE GAS REQUIREMENTS none			h. INTERRUPTIBLE GAS PEAK DAY LOAD none					
11. ALTERNATE FUEL FOR INTERRUPTIBLE GAS											
a. TYPE FUEL		b. UNIT COST		c. PERCENT LOAD COVERED BY ALTERNATE FUEL				12. PAYMENT INFORMATION (X as applicable)			
none		n/a		n/a				a. ARE TELEFAX INVOICES ACCEPTABLE? <input checked="" type="checkbox"/>			
								b. IS WIRE (ELECTRONIC) TRANSFER AVAILABLE? <input checked="" type="checkbox"/>			
								c. IS PREPAID EXPRESS MAIL PAYMENT AVAILABLE? <input checked="" type="checkbox"/>			
13. POINTS OF CONTACT											
a. ORDERING OFFICE (1) NAME (Last, First, Middle Initial) White, John			(2) OFFICE SYMBOL Code 1652B		(3) COMMERCIAL TELEPHONE NUMBER (Include area code)			(4) COMMERCIAL FAX NUMBER (Include area code)			
(5) MAILING ADDRESS STREET 2100 2nd Street, SW					CITY Lester			STATE TX		ZIP CODE 20306	
b. INVOICE OFFICE (1) NAME (Last, First, Middle Initial) Blue, Scott			(2) OFFICE SYMBOL AMXEN-C		(3) COMMERCIAL TELEPHONE NUMBER (Include area code)			(4) COMMERCIAL FAX NUMBER (Include area code)			
(5) MAILING ADDRESS STREET 320 First Street, NW					CITY Lester			STATE TX		ZIP CODE 20306	
c. PAYING OFFICE (1) NAME (Last, First, Middle Initial) Cherry, Tom			(2) OFFICE SYMBOL Code 1646		(3) COMMERCIAL TELEPHONE NUMBER (Include area code)			(4) COMMERCIAL FAX NUMBER (Include area code)			
(5) MAILING ADDRESS STREET 139 Barnes Drive					CITY Lester			STATE TX		ZIP CODE 20306	

DD FORM 2692

APPENDIX A, DD FORM 2692 (CONT'D)

14. REMARKS/ADDITIONAL DATA (Federal and civilian agencies must include a statement regarding funds availability along with a statement regarding compliance with the Economy Act provisions.)

SAMPLE

SAMPLE

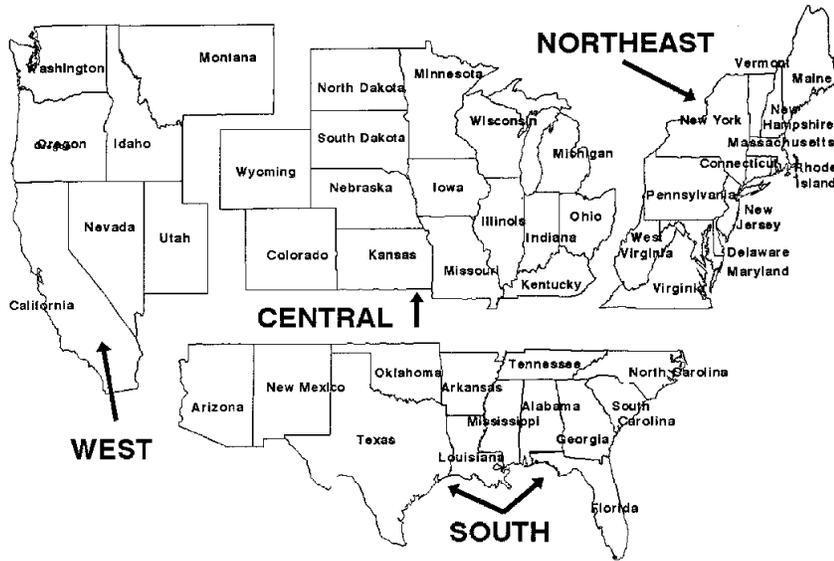
INSTRUCTIONS

- Item 1. Report Date.** Enter the date the form is filled out. Use YYMMDD format (i.e., July 1, 1994 = 94JUL01).
- Item 2. Date Data Required.** Enter the date information is required in accordance with the Defense Fuel Supply Center (DFSC) requirements.
- Item 3. Installation.** Enter the name and commercial mailing address of the installation. Also enter the DODAAC or UIC code.
- Item 4. Local Distribution Company.** Enter the name, address, and telephone number of the local distribution company (LDC).
- Items 5 and 6. Tariffs.** List the sales and transportation tariffs used by the activity. Attach copy of latest LDC bill.
- Item 7. LDC Transportation Policy.** Specify if the LDC will transport both firm and interruptible direct supply natural gas (DSNG), and if the LDC will allow the activity to switch between the direct supply natural gas contract and the LDC on a monthly (or otherwise) basis. Mark (X) the appropriate response and specify the switching frequency as appropriate.
- Item 8. Current Contractor.** If the activity has an existing source supply natural gas contract, enter name and address of current contractor.
- Item 9. Contract Data.** For the existing direct supply contract, enter the contract number, contract start date, number of option years, termination date, and the number of days termination notice required. Also include any special conditions that may affect a DFSC contract (i.e., large termination charges, liability, high backup costs, etc.).
- Item 10. Gas Requirements Data.** Identify unit of measurement for natural gas (Item 10.b.). Provide monthly requirements estimate for both firm and/or interruptible gas, as appropriate. Provide a 12-month total for the firm and/or interruptible consumption figures for the activity. Based on your data, provide a 12-month total for the firm and/or interruptible requirements provided to DFSC. Also, provide the maximum daily quantity for the firm gas and the peak day load amount for interruptible gas.
- Item 11. Alternate Fuel.** List type(s) of alternate fuel(s), unit cost, and the percent of load covered by the alternate fuel capability.
- Item 12. Payment Information.** Mark (X) the appropriate response to indicate if telefax invoices are accepted by the activity, if wire (electronic) transfer of funds can be made by the paying office, and if Contractor-provided prepaid express mail is allowed by the paying office.
- Item 13. Points of Contact.** Enter the name of the point of contact, office symbol, commercial telephone and telefax numbers, and mailing address for each of the listed offices.
- Item 14. Remarks/Additional Data.** Use this block to provide any additional data or remarks as necessary.



APPENDIX B

DIRECT SUPPLY NATURAL GAS(DSNG) PROCUREMENT AREAS



SOURCE: DIRECTORATE OF ALTERNATIVE FUELS



APPENDIX C  
 DIRECT SUPPLY NATURAL GAS PROGRAM  
 PROCUREMENT SCHEDULE

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LOCATION AND PURCHASE PROGRAM	REQUIREMENTS DUE TO DFSC-A	DELIVERY PERIOD (*)
CENTRAL (P.P. 7.3)	1 APR (ODD YEARS)	1 APR - 31 MAR (EVEN YEARS)
SOUTH (P.P. 7.2)	1 OCT (ODD YEARS)	1 OCT - 30 SEP (EVEN YEARS)
NORTHEAST (P.P. 7.1)	1 APR (EVEN YEARS)	1 APR - 31 MAR (ODD YEARS)
WEST (MINUS SOCAL CUSTOMERS) (P.P. 7.4)	1 JUL (EVEN YEARS)	1 JUL - 30 JUN (ODD YEARS)
WEST (SOCAL CUSTOMERS ONLY) (P.P. 7.4)	1 JUL (EVEN YEARS)	1 AUG - 31 JUL (ODD YEARS)

(\*)CONTRACTS ALL HAVE 2 YEAR DELIVERY PERIODS  
 SOURCE: DIRECTORATE OF ALTERNATIVE FUELS

## APPENDIX D

### DIRECT SUPPLY NATURAL GAS PROCEDURES FOR MANAGING GAS IN CALIFORNIA

#### A. NOMINATIONS

1. On a monthly basis DISC shall calculate the total estimated gas consumption for all of the California installations using historical and installation data. Over or under deliveries within the 10 percent balance tolerance are factored into the estimated consumption. Orders and nominations are placed with the contractors, local distribution companies (LDCs), and pipeline companies.

2. DISC shall place nominations on the designated LDC forms to meet the estimated requirements of the installations within the capacity awarded to DISC.

a. Nominations will be made to the LDC (electronically or by facsimile) by the 20th of the month for the succeeding month.

b. Orders to the contractors (by facsimile) will be made by the 20th of the month.

3. Nomination changes may be made daily, but changes must be submitted 2 business days (via electronic system) or 3 business days (via facsimile) before the flow date to be changed.

B. BALANCING. Installations shall provide meter readings to DISC-A (by facsimile) on Monday, Wednesday and Friday. Consumption will be determined and compared with deliveries, and any needed corrections will be made.

#### C. IMBALANCE TRADING.

1. At the end of each month, DISC shall record the amount consumed by each installation. The total deliveries will be tabulated to verify the contractors' invoices. The 10 percent tolerance will be calculated. Any imbalance beyond the 10 percent tolerance will be balanced through trading between installations. Any remaining imbalance will be traded or purchased by DISC within the prescribed time limit.

2. Every effort must be made to avoid imbalances.

D. FUNDS MANAGEMENT. DISC-A shall calculate the requirements for fiscal year funding based on the supply index in "Inside F.E.R.C.'s Gas Market Report," plus applicable transportation charges to the California border and any other associated costs. This information will be forwarded directly to the installations for obligation of funds and inclusion in the installations's budgets. The installations will forward to DISC a statement documenting that funds will be made available.

E. ORDERING. DISC-AR shall compute estimates of the monthly prices/decatherm (Dth) for California and forward the information to DISC-AU. Based on this information and first flow date nominations, DISC-AU shall prepare the DD Forms 1155, Order for Supplies or Services. The original DD Forms 1155 will be mailed to the contractors; copies will be sent to DISC-RFSF, and copies will be retained by DISC-AU.

#### F. CONTRACTOR PAYMENTS

1. The contractors' invoices initiate this phase of the process. They must be processed in a timely manner to prevent payment of interest penalties or late payment charges. Under the Prompt Payment Act, these invoices must be paid by the 30th day after receipt.

2. DISC-CO/DISC-RFFB shall validate the receipt of the invoices and forward the originals to DISC-AU for payment certification. Certification will be accomplished by DISC-AU and will be based on the pipeline allocation reports. The DD Forms 1155 will be adjusted to show the actual, verified quantities plus the actual gas costs per DISC-PN contract price modifications. The certified invoices and the adjusted DD Forms 1155 will be forwarded to DFAS- CO/DISC-RFFB for payment. Copies of DD Forms 1155 will be maintained in DISC-AU.

3. DISC-CO/DISC-RFFB shall pay the contractors the lower of the two amounts stated on the contractors' invoices or the amended DD Forms 1155. If an invoice is lower than the amended DD Form 1155, DFAS shall send an underbilling letter to the contractor requesting ratification.

4. Confirmations that the contractors have been paid will be received by DISC-AU via copies of SF 1034-A, Public Vouchers for Purchases and Services Other Than Personal, from DISC-CO/DISC-RFD (Disbursing Office).

#### G. TRANSPORTATION COSTS

1. For installations behind Southern California Gas Company (SoCal), DISC-A has obtained capacity on Transwestern Pipeline in our name to transport natural gas. For installations behind Pacific Gas and Electric Company (PG&E), transportation costs are included in the contractors' bid price. DISC-A shall not incur transportation costs for installations behind PG&E.

2. While the contract with Transwestern Pipeline is a legally binding document, it does not provide funding information since costs are based on demand and variable commodity charges. To satisfy requirements, an Obligation Authority (OA) will be issued by DISC-RFFB on a quarterly basis.

3. DISC-AU shall consolidate the installations' quarterly transportation requirements on an Other Agreement Request, DISC Form 20. The completed form will be forwarded to DISC-RFFB at least 14 days prior to the beginning of the quarter for preparation of the OA.

4. Invoices will be received by DISC-AU from the pipeline covering the charges for all gas delivered to the LDC for DISC customers by the pipeline. These invoices will be verified based on the LDC confirmation of delivery. The invoices will then be sent to DFAS for payment.

5. DFAS-CO shall send copies of a SF 1034-A to DISC-AU to prove the invoices were paid.

#### H. STORAGE COSTS

1. DISC-A has contracted with SoCal for short-term storage. This storage aids in load management behind the LDC. Under or over deliveries are traded in/out to provide a successful balancing tool for monthly nominations.

2. The storage invoice contains both the annual reservation and monthly natural gas activity charges.

#### I. BILLING

1. Currently the California program is being funded under the Defense Working Capital Fund (DWCF). Initially the contractor invoices are paid under DWCF, but costs are reimbursed via the installations' payment of monthly charges billed by DFAS/DISC-RFSF.

2. The total amount of contractor gas delivered per the contractor's invoice will be divided into the total amount of money on the contractor's invoice for the month to estimate a \$/Dth commodity charge. The actual commodity charge is given to DISC-AU via the DISC-PN price modification. The DISC-PN price modification is based on established rates from the F.E.R.C. Index.

3. The total transportation costs per Dth are calculated by taking the cumulative total for the monthly invoices of the variable and demand charges and dividing the total, verifiable quantity delivered.

4. The total monthly costs of storage is calculated per installation for both the annual reservation and monthly activity charges. Both costs are factored out on a percentage of consumption basis.

5. The \$/Dth commodity charge obtained in 1 will be added to the \$/Dth transport costs obtained in 2. This figure will then be used to bill the installations for the gas delivered by multiplying the total quantity by this cumulative \$/Dth price.

6. The amount of gas delivered to the LDC and the total amount of gas consumed by the installation may be different.

7. DFAS-CO/DISC-RFSF will invoice the installations based on the figures calculated by DISC-AU. These figures will include the usage, transportation, and storage costs. However, on a few occasions there may be adjustments such as zone boundary charges or pipeline refund credits that may arise. Any additionally incurred costs or specifically given credits will be factored into the invoice figure and itemized on the installation's bills.

8. Each installation will be billed within 45 days following the month of delivery.

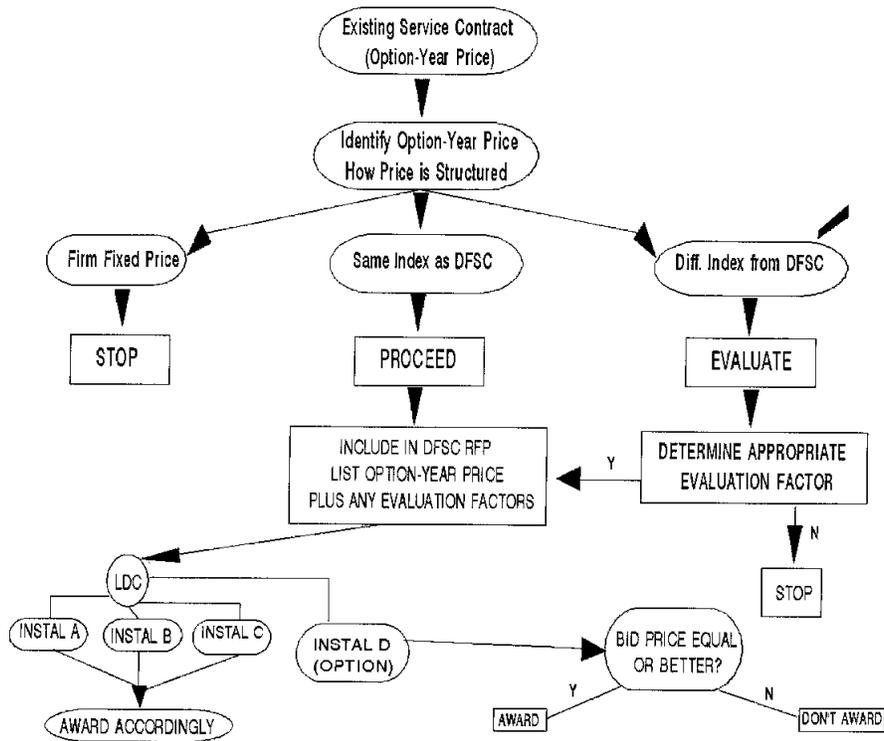
9. Confirmation that installations have been correctly billed must be received by DISC-AU via copies of Standard Forms 1080. Vouchers for Transfers Between Appropriations and/or Fund, from DISC-CO/DISC-RFSF.



APPENDIX E  
 NATURAL GAS TRANSITION OF EXISTING SOURCE SUPPLY  
 CONTRACTS TO DFSC (DECISION MATRIX)

\* NAT/GAS Conference Action Item 1.e. (First Issue)

\* Plan based on conference handout, DFSC-PN IOM, (undated),  
 Subject: Integrating Military Services' Option Contracts into the DFSC Direct Supply Natural Gas Program



APPENDIX F

DIRECT SUPPLY NATURAL GAS  
ECONOMIC ANALYSIS SPREADSHEET

INSTALLATION: FLY HIGH AFB USA

LOC: ALL CITIES GAS COMPANY

DATA MONTH	HISTORICAL CONSUMPTION DTHs	SUPPLY ADJ FACTOR	PIPELINE TRANS CHARGES	PIPELINE FUEL LOSS per DTH	LOC Ccyrate per DTH	LOC Fuel % per DTH	LOC Dist: 1st 1K DTH	LOC Dist: 2nd 2K DTH	LOC Dist: Over 3K DTH	LOC SERVICE CHARGE	Positive Reserve Charge	LOC Summip Total	LOC Bumerip Cost per DTH
JAN 93	63,587	0	0	0	\$4,0200	0	\$0,6600	\$0,4800	\$0,2300	\$835,00	0	\$272,772,25	\$4,2931
FEB 93	58,151	0	0	0	\$4,0200	0	\$0,6600	\$0,4800	\$0,2300	\$835,00	0	\$191,199,25	\$4,2923
MAR 93	41,605	0	0	0	\$4,0200	0	\$0,6600	\$0,4800	\$0,2300	\$835,00	0	\$179,319,00	\$4,3007
APR 93	33,151	0	0	0	\$4,0200	0	\$0,6600	\$0,4800	\$0,2300	\$835,00	0	\$143,376,75	\$4,3250
MAY 93	14,084	0	0	0	\$4,0200	0	\$0,6600	\$0,4800	\$0,2300	\$835,00	0	\$53,452,00	\$4,4110
JUN 93	8,119	0	0	0	\$4,0200	0	\$0,6600	\$0,4800	\$0,2300	\$835,00	0	\$36,090,75	\$4,5561
JUL 93	6,765	0	0	0	\$4,0200	0	\$0,6600	\$0,4800	\$0,2300	\$835,00	0	\$31,236,25	\$4,6173
AUG 93	6,765	0	0	0	\$4,0200	0	\$0,6600	\$0,4800	\$0,2300	\$835,00	0	\$31,236,25	\$4,6173
SEP 92	7,104	0	0	0	\$4,0200	0	\$0,6600	\$0,4800	\$0,2300	\$835,00	0	\$32,877,00	\$4,6968
OCT 92	12,858	0	0	0	\$4,0200	0	\$0,6600	\$0,4800	\$0,2300	\$835,00	0	\$37,116,75	\$4,4423
NOV 92	32,812	0	0	0	\$4,0200	0	\$0,6600	\$0,4800	\$0,2300	\$835,00	0	\$141,036,00	\$4,3357
DEC 92	52,098	0	0	0	\$4,0200	0	\$0,6600	\$0,4800	\$0,2300	\$835,00	0	\$220,668,75	\$4,2977
<b>TOTAL</b>	<b>338,278</b>												
											LOC Total Annual Cost =	\$1,467,483.00	

DATA MONTH	HISTORICAL CONSUMPTION DTHs	DFSC SUPPLY	DFEC CONTRACTOR ADJ FACTOR	PIPELINE TRANS CHARGES	PIPELINE FUEL LOSS (2.33%)	DFSC Ccyrate per DTH	LOC FUEL LOSS (%)	LOC Dist: 1st 1K DTH	LOC Dist: 2nd 2K DTH	LOC Dist: Over 3K DTH	LOC Serv/Maint per Month	Pipeline Reservation Charge	DFSC Summip Total	DFSC Bumerip Cost per DTH
JAN 93	63,587	\$1.85	\$0.0150	\$0.2774	\$0.0441	\$2,1888	\$0.2911	\$0,6600	\$0,4800	\$0,2300	\$835,00	\$0.00	\$158,976.01	\$2,4997
FEB 93	58,151	\$1.84	\$0.0150	\$0.2774	\$0.0387	\$1,8981	\$0.2778	\$0,6600	\$0,4800	\$0,2300	\$835,00	\$0.00	\$127,478.00	\$2,1783
MAR 93	41,605	\$1.86	\$0.0150	\$0.2774	\$0.0441	\$2,1888	\$0.2911	\$0,6600	\$0,4800	\$0,2300	\$835,00	\$0.00	\$104,668.42	\$2,5204
APR 93	33,151	\$2.10	\$0.0150	\$0.2774	\$0.0501	\$2,4425	\$0.3108	\$0,6600	\$0,4800	\$0,2300	\$835,00	\$0.00	\$82,741.75	\$2,7375
MAY 93	14,084	\$2.50	\$0.0150	\$0.2774	\$0.0611	\$3,1135	\$0.3514	\$0,6600	\$0,4800	\$0,2300	\$835,00	\$0.00	\$55,181.40	\$3,9719
JUN 93	8,119	\$1.82	\$0.0150	\$0.2774	\$0.0458	\$2,2582	\$0.2841	\$0,6600	\$0,4800	\$0,2300	\$835,00	\$0.00	\$33,068.80	\$2,6401
JUL 93	6,765	\$1.86	\$0.0150	\$0.2774	\$0.0441	\$2,1888	\$0.2911	\$0,6600	\$0,4800	\$0,2300	\$835,00	\$0.00	\$30,101.41	\$2,3080
AUG 93	6,765	\$2.54	\$0.0150	\$0.2774	\$0.0487	\$2,3911	\$0.2992	\$0,6600	\$0,4800	\$0,2300	\$835,00	\$0.00	\$20,478.09	\$3,0271
SEP 92	7,104	\$2.27	\$0.0150	\$0.2774	\$0.0542	\$2,6188	\$0.3108	\$0,6600	\$0,4800	\$0,2300	\$835,00	\$0.00	\$29,081.81	\$2,2688
OCT 92	12,858	\$2.15	\$0.0150	\$0.2774	\$0.0608	\$3,2032	\$0.3108	\$0,6600	\$0,4800	\$0,2300	\$835,00	\$0.00	\$43,844.70	\$3,3874
NOV 92	32,812	\$2.22	\$0.0150	\$0.2774	\$0.0503	\$2,6554	\$0.3108	\$0,6600	\$0,4800	\$0,2300	\$835,00	\$0.00	\$85,944.27	\$2,6241
DEC 92	52,098	\$2.15	\$0.0150	\$0.2774	\$0.0519	\$2,6927	\$0.3108	\$0,6600	\$0,4800	\$0,2300	\$835,00	\$0.00	\$147,047.39	\$2,8227
<b>TOTAL</b>	<b>338,278</b>													
											DFSC Total Annual Cost:	\$906,642.23		
											LOC TOTAL ANNUAL COST:	\$1,467,483.00		
											Sub-Total Savings/Lease:	\$560,840.77		
											Base Administrative Cost:	\$10,000.00		
											<b>NET ESTIMATED SAVINGS:</b>	<b>\$600,840.77</b>		

1 Historical Consumption data submitted by Fly High AFB and HQ AFCESA  
2 Supply Index is Columbia Gas Published in INSIDE PERG  
3 Pipeline Transportation Charges = (Tonne rate (\$4.2265) + ACA (\$0.0022)) \* CUB (0.0147) on Columbia Gas Pipeline

## VOLUME IV- COAL

### CHAPTER 1 REQUIREMENTS, PROCUREMENT, AND DISTRIBUTION

A. GENERAL. Coal is assigned FSC 9110, Solid Fuel. Supply procedures for obtaining coal are contained in this volume. Management of coal is exempt from MILSPETS, MILSTRIP, and MILSTRAP.

#### B. REQUIREMENTS

##### 1. Requisition Procedures

a. DD Form 416, Purchase Request For Coal, Coke or Briquettes, shall be used by the Military Services/Federal Agencies to requisition coal from DESC. Service Control Points (SCPs) (see subsection B.4, below) and Inventory Control Points (ICPs) of Federal Agencies shall submit DD Form 416 to DESC-A by the time frames listed in DESC-R 4220.1, Requirements Submission Schedule for Fuel and Commercial Services.1

b. A single DD Form 416 will be prepared for each location by each class of coal, such as anthracite, bituminous, or sub-bituminous. The DD Form 416 will include the product specifications, quantity, monthly consumption (estimated), mode of desired delivery, and the purchase program period (delivery period).

c. Military units shall prepare the DD Form 416 at the user level (per SCP guidance) and forward it to their respective SCP. ICPs shall prepare the purchase request for other Federal Agencies.

##### 2. Routine Requirements

a. Routine coal requirements are covered by requirements contracts with delivery-order limitations negotiated and awarded by DESC-A. Refer to subsection C.2., below for local purchase provisions.

b. The using location shall include accounting/ appropriation data on purchase orders issued under the DESC contract. The DD Form 350, Individual Contracting Action Report, however, will not be prepared by the user. The DD Form 350 is prepared by DESC-A when the contract is issued.

##### 3. Emergency Requirements

a. Emergency requirements for military users will be approved by the SCPs listed in subsection B.4., below.

b. DESC will be notified of emergency circumstances, quantity of coal on hand, and estimated consumption for the next 30 days. Emergency requirements will be bought as quickly as possible.

c. To preclude emergency circumstances/orders, the using location shall: (1) promptly notify the Contracting Officer of late deliveries or any other problems and (2) stockpile coal in sufficient quantity to cover contingencies (contractual problems, inclement weather, etc.).

##### 4. Service Control Points (SCPs)

a. Army: Commander, U.S. Army Petroleum Center/SATPC-L, New Cumberland, PA 17070-5008.

b. Air Force: Director of Aerospace Fuels/ SFSC, San Antonio Air Logistics Center, Kelly AFB, TX 78241-5000.

c. Navy/Marine Corps: Commander, Naval Energy and Environmental Support Activity, Port Hueneme, CA 93043-5014.

#### C. PROCUREMENT

1. DLA. DLA/DESC is the central contracting agency for coal in the Federal Government. DESC contracts for direct delivery; the user places orders. Coal contracts/purchase orders (not including FY88-mandated anthracite coal) are not funded by DESC.

2. Military Services. Services/agencies budget and fund for all coal requirements.

a. Local Purchase. Local purchase is authorized, subject to Military Service regulations, when the annual requirement per line item does not exceed \$25,000.

b. Emergency Purchase. Emergency procurement by the Military Services will be in accordance with DoD FAR Supplement 208.7003-4.

#### D. TRANSPORTATION

1. Rail deliveries are occasionally FOB mine (meaning transportation cost is separate from the coal price). DESC-BIT provides rail routing instructions to the mine contractor; instructions are coordinated with MTMC. The contractor prepares a commercial bill of lading (CBL), and the consignee converts the CBL to a GBL for payment.

2. Truck deliveries are FOB destination (transportation cost is included in the price of the coal), paid by the consignee.

#### E. EXCESS STOCK

1. Less Than \$20,000. Excess line items of value less than \$20,000 delivered cost shall be disposed of in accordance with Military Service disposal procedures and not reported to DESC.

2. \$20,000 or More. Users shall report excess stocks through prescribed channels to their SCP. DESC will assist in redistributing such stock upon receipt of SF 120, Report of Excess Personal Property.

F. STANDARDIZATION AND CATALOGING. Coal is an organic, heterogeneous material; basic characteristics are not changed during mining and preparation for market. There are four major classes (or ranks) of coal mined in the United States:

1. Lignite (or Brown Coal). The first stage in the formation of coal produces a dark brown type of coal called lignite. This class is lowest in carbon, only about 30 percent.

2. Sub Bituminous Coal. As earth pressure increases, lignite turns into a harder coal called sub-bituminous coal.

3. Bituminous Coal. Of the four classes, this is the most purchased by DoD. The chemical and physical characteristics vary to a large degree; therefore, the bituminous coal industry has no standard size or quality. Specifications for each line item requisitioned are based on the design of handling and burning equipment at the using location. The design is influenced by what type of coal is available at the most economical delivered cost to a given location.

4. Anthracite. Intense pressure changes bituminous coal into anthracite, the hardest of all coals. Anthracite is produced from a relatively small area in northeastern Pennsylvania. The coal industry together with the Pennsylvania Department of Commerce standardized the marketing of anthracite as to size, nomenclature, and the allowable minimum quality and size. The highest-ranking anthracites contain 98 percent carbon.

#### G. QUALITY COMPLAINTS

1. When quality and operational problems are experienced at the using facility, reports are to be forwarded to DESC-BQ, 8725 John J. Kingman Road, Suite 2950, Ft. Belvoir, VA, 22060-6222. Procedures to be followed are

outlined in DLAR 4155.24 / AR 702-7 / SECNAVINST 4855.5A / AFR 74-6, 20 JUL  
93, Product Quality Deficiency Report Program.

## CHAPTER 2 CONTRACT ADMINISTRATION

### A. POLICY

1. The Defense Energy Support Center (DESC), as the contracting agency, has contract administration responsibility. Contract administration functions for DESC contracts may only be delegated to another agency/ military unit by the DESC Contracting Officer.

2. Quality Assurance responsibility at origin (in CONUS) is assigned to DCMC.

### B. QUALITY/QUANTITY REQUIREMENTS

1. Minimum specification requirements are developed by the Military Services and Federal Agencies submitting each item purchased under this program. DESC-A shall develop contract quality clauses to ensure adequate procedures are developed to protect product quality.

2. When a contractor delivers coal from a mine not authorized by the contract, product may be rejected.

3. Requests made by contractors to use an alternate mine in performance of contract requirements shall be processed through the contracting office. Alternative mines must be capable of supplying product meeting product specifications. A contract modification is required when an alternate mine is approved.

C. INSPECTION AT SOURCE (ORIGIN). Quality Assurance responsibility is assigned to Defense Contract Districts (DCMD). When inspection at source (origin) is required by the contract, the cognizant DCMD shall assign a Quality Assurance Representative (QAR) to the facility.

1. Contractor. It is the contractor's responsibility to ensure quality, and quantity of coal supplied to the government.

2. Quality Assurance at Source. When Quality Assurance functions are assigned to source, the DCMD QAR will perform Quality Assurance in accordance with DLAM 8200.2, Procurement Quality Assurance Support Manual for Defense Contract Administration Services, and DLAM 8200.5, In-Plant Quality Evaluation (IQUE) (see reference index). DASC-WD shall distribute publications upon request.

3. Quality Assurance Representative (QAR). QARs oversee the contractor's quality control operations and assure product meets contract quality specifications.

4. The Defense Energy Support Center Contracting Office (DESC-A). When a Contractor has historically performed acceptably in providing product, the QAR may allow the Contractor to ship under a Certificate of Conformance (COC.). This means the contractor may ship coal from the place of performance to the facility without the QAR witnessing the loading or signing the DD Form 250. DESC-A in coordination with DESC-BQ will provide contractor-historical quality data to DCMAO and recommend whether a Certificate of Conformance should be continued.

### D. PRODUCT ACCEPTANCE AT DESTINATION

1. Product will be unloaded when:

a. It has been determined by visual inspection that the product meets the specification requirements.

b. For rail car deliveries, the DD Form 250 and commercial analytical test report (from the contractor) indicate that contractual obligations and

product specifications have been fulfilled. If these documents are not at the receiving unit prior to unloading, promptly notify the Contracting Officer.

c. For truck deliveries, the DD Form 250 does not have to be available prior to unloading the product; do not delay the unloading due to the absence of this document. The Contractor shall provide an analytical test report representing the stockpile from which the coal is being shipped on or before receipt of the first truckload of coal at the base.

2. A representative sample may be taken during the unloading for laboratory analysis in accordance with the American Society for Testing and Materials, Section 5, Petroleum Products, Lubricants, and Fossil Fuels, Volume 05.05, Gaseous Fuels, Coal and Coke. ASTM test methods to be used are: ASTM-D-2234, Collection of a Gross Sample of Coal; ASTM-D-4749, Standard Test Method for Performing the Sieve Analysis of Coal and Designating coal Size; ASTM-D-4915, Standard Practice for Manual Sampling of Coal from Tops of Railroad Cars; and ASTM-D-2013, Standard Method of Preparing coal Samples for Analysis. Samples collected are mailed to the following Army laboratories:

a. U.S. Army Petroleum Center  
Petroleum Testing Facility-West  
ATTN: SATPC-QW, Bldg. 247  
25600 S. Chrisman Road  
Tracy, California 95376-5000

b. U.S. Army Petroleum Center  
Petroleum Testing Facility-East  
ATTN: SATPC-QE, Bldg., 85-3  
U Avenue  
New Cumberland, PA 17070-5005

3. The above Army Laboratories will return a coal analysis test report to the consignee (using location) with copies to the Contracting Officer at DESC-A and DESC-BQ by E-Mail. The consignee will compare the test report with the contractor's guarantee to calculate credits and debits, per delivery. Based on aggregated evidence (contract year), the consignee will assess the contractor a compensation fee (due the using location) if debits exceed credits.

4. Military Services/Federal Agencies that sample coal shall assure that all personnel obtaining coal samples are - as a minimum - familiar with those ASTM Methods cited in paragraph D.2., above. The Military Services/Federal Agencies shall notify USAPC of training needs. Training costs are to be born by the requesting activity.

#### E. PRODUCT REJECTION AT DESTINATION

1. Coal will not be unloaded if visual inspection reveals that it may not meet the minimum quality specification for size or obvious impurities, e.g.: slate, rock, dirt, or oxidation. Before product is sampled, notify the Contracting Officer/DESC-BQ immediately by telephone about the situation, supplying the following information: Activity, Point of Contact at the Activity and Phone Number, Order Number the coal was received under, Conveyance Numbers, Contractor, Contract Number, Reason for Not Unloading (Failing Characteristics), Time/Date of Receipt, Current Status of Conveyances (e.g., activity, rail yard, enroute, etc.) This will allow the Contractor to be notified and given the opportunity to be present during the sampling. A sample will be obtained, and tested for compliance to confirm visual inspection. The samples shall be taken in accordance with those ASTM methods cited in paragraph D.2., above.

2. If the product tested is found to be unacceptable, do not unload it. Notify the DESC Contracting Officer immediately by telephone, providing the results of product testing. The activity will confirm the results in writing

prior to rejection of the product. When coal is off-loaded, product rejection is more difficult to sustain.

3. Only the Contracting Officer can conditionally accept a nonconforming shipment in coordination with DESC-BQ. The Contracting Officer shall request additional information through normal channels. Although acceptance of coal normally passes to the Government when the coal is unloaded, the Contracting Officer may attempt to obtain monetary consideration from the Contractor for unreasonable quality problems (excessive over/undersize coal, impurities, etc.).

#### F. CONTRACT WAIVERS

1. The contractor is obligated to provide the product and service specified in the contract. However, exceptions may be granted for reasons of urgency or economy, subject to equitable price adjustments or other consideration and when acceptable by the installation which developed the product specification.

2. Contract and specification waivers shall only be approved by the Contracting Officer. Upon waiver requests from contractors: (a) Contracting Officers shall request DESC-BQ review waivers for technical evaluation; (b) DESC-BQ shall recommend whether to accept or reject waivers in coordination with the customer (user) and respective SCP; and (c) the Contracting Officer shall deny or grant waivers after consideration of DESC-BQ's recommendations. DESC Contracting Officer shall be advised of acceptance or rejection of the waiver and circumstances by DESC-BQ as soon as possible, but not later than 24 hours after request. During non-duty hours, DESC-BQ CORs may grant waivers. DESC-BQ shall advise the Contracting Officer, the SCP, and the user of the action taken no later than the following work day.)

1Copies are available from DESC-OP, Cameron Station, VA 22304-6160.

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DoD 4140.25-M

Vol IV

DoD 4140.25-M

Vol IV

1-2

1-1

1-2

2-1

DoD 4140.25-M

Vol. IV

DoD 4140.25-M

Vol. IV

2-1

DoD 4140.25-M

Vol IV

2-2

2-1

DoD 4140.25-M

Vol IV

2-1

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