

VOLUME II - PETROLEUM MANAGEMENT

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 trans- action 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

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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%

(JP5/JP8/DF2, F76, etc.)

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.	* 1 Copy	Retain	
Military				
Barge	Orig.	* 1 Copy	Retain	
CONUS Contractor-operated Barges/Tankers	Orig.	1 Copy	Retain	
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	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.

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(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.