



DoD MANUAL 4140.25, VOLUME 6

DoD MANAGEMENT OF ENERGY COMMODITIES: DEFENSE FUEL SUPPORT POINT (DFSP) MANAGEMENT

Originating Component:	Office of the Under Secretary of Defense for Acquisition and Sustainment
Effective:	March 2, 2018
Change 1 Effective:	August 31, 2018
Releasability:	Cleared for public release. Available on the Directives Division Website at http://www.esd.whs.mil/DD/ .
Approved by:	Robert H. McMahon, Assistant Secretary of Defense for Logistics and Materiel Readiness
Change 1 Approved by:	Karen Saunders, Chief of Staff

Purpose: This manual is composed of several volumes, each containing its own purpose. In accordance with the authority in DoD Directive (DoDD) 5134.12 and DoD Instruction (DoDI) 4140.25:

- The manual implements policy, assigns responsibilities, and provides procedures for the supply chain management, quality assurance and quality surveillance, and storage of energy commodities and related services.
- This volume assigns responsibilities and provides guidance for DFSP management.

TABLE OF CONTENTS

SECTION 1: GENERAL ISSUANCE INFORMATION	5
1.1. Applicability	5
1.2. Information Collections	5
1.3. Summary of Change 1	5
SECTION 2: RESPONSIBILITIES	6
2.1. Assistant Secretary of Defense for Logistics and Materiel Readiness (ASD(L&MR)) ..	6
2.2. Director, Defense Logistics Agency (DLA)	6
2.3. DoD Component and Participating Agency Heads	6
SECTION 3: DFSP MANAGEMENT	7
3.1. General	7
3.2. DLA Energy Regions	7
3.3. DoD Component and Participating Agency Personnel Associated With a DFSP	8
a. AO	8
b. Property Administrator (PA)	8
c. Responsible Officer (RO)	8
d. TM	9
e. DWCF Transaction Processors or Accountants	9
f. DWCF Inventory Operators or Handlers	9
g. CORs	9
h. QR	9
3.4. DFSP Classification and Oversight Responsibilities	9
a. DFSP Classifications	9
b. Assigned Duties and Responsibilities	10
c. DoD Components and Participating Agencies Responsibilities	13
SECTION 4: DFSP OPERATIONS	14
4.1. Custody and Risk of Loss	14
a. Receipt Custody Transfer Points and Risk of Loss	14
b. Shipment Custody and Risk of Loss	14
4.2. General Receiving and Storing Conditions	14
4.3. General Shipping Conditions	15
4.4. Measurement Standards	16
4.5. Removal of Water Bottoms	16
4.6. Movement Control Records	17
4.7. Sampling and Testing of Petroleum Products	17
4.8. Environmental Protection, Spill Prevention, and Response	17
4.9. Protection of Government Property	17
4.10. DFSP Security and Fire Protection	18
4.11. Contract Turnover Inspections at GOCO Terminals	18
SECTION 5: COMMUNICATION AND INFORMATION TECHNOLOGY	20
5.1. General	20
5.2. DFSP Information Systems Infrastructure	20
a. Connectivity	20
b. Hardware	20

- c. Software 20
- d. User Accounts..... 20
- e. Additional Installation-Level Data Collection or Forwarding Components..... 21
- SECTION 6: DLA ENERGY INSPECTIONS AND SAV 23
 - 6.1. DLA Energy..... 23
 - 6.2. Defense Energy Regional Office Commanders..... 23
 - 6.3. COR..... 24
 - 6.4. PA..... 25
- SECTION 7: DFSP CAPITALIZATION 26
 - 7.1. Capitalization Process..... 26
 - 7.2. Requirements for Capitalization..... 26
 - 7.3. Submission..... 32
 - 7.4. Internal Evaluation..... 35
 - 7.5. Validation..... 35
 - 7.6. Administrative Requirements..... 37
 - 7.7. Non-Capitalized Fuel Support..... 39
 - 7.8. Compliance..... 41
 - 7.9. Oversight..... 42
 - 7.10. Non-Compliance and Remedies..... 44
- SECTION 8: TRAINING 51
 - 8.1. General..... 51
 - 8.2. Mandatory DFSP Training..... 51
 - a. Personnel..... 51
 - b. Training Allocations..... 52
 - c. Regional and Focused Training..... 52
 - d. Teleconferences..... 52
 - e. CBT..... 52
 - f. Training Documentation..... 52
- SECTION 9: SEGREGATION OF DUTIES 53
 - 9.1. General..... 53
 - 9.2. Segregation of Duties Waiver..... 54
 - 9.3. Surveillance Requirements..... 54
 - 9.4. Government Fuel Card Program..... 54
 - 9.5. DLA Purchase Source Media..... 54
- SECTION 10: WAIVER OF POLICY PROCESS 55
 - 10.1. General..... 55
 - 10.2. Waiver or Exception Requests..... 55
 - 10.3. Exemption Request..... 55
 - 10.4. Submission and Evaluation Procedure..... 56
 - 10.5. Updates and Extensions..... 57
- SECTION 11: DFSP CLOSURE OR REALIGNMENT 58
 - 11.1. General..... 58
 - 11.2. Memorandum of Agreement (MOA)..... 58
 - 11.3. Inventory Drawdown..... 59
 - 11.4. Additional Information..... 59

a. Records Maintenance and Handling Upon Closure.	59
b. Automated Equipment and Data Disposition Upon Closure.	60
11.5. Afloat Pre-positioning Force Decommissioning.	61
GLOSSARY	63
G.1. Acronyms.	63
G.2. Definitions.....	64
REFERENCES	71

TABLES

Table 1. GOGO (Single Operation Under a Single SE DODAAC)	10
Table 2. COCO (Single Operation Under a Single SE DoDAAC).....	11
Table 3. GOCO (Single Operations Under a Single SE DoDAAC).....	11
Table 4. GOCO D or S (One Operation, Single DFSP, Single SE DoDAAC with Government and Contract Employees).....	11
Table 5. Multiple Operations – Single SE DoDAAC	12
Table 6. DLA Managed Pipeline and Storage Agreements.....	12
Table 7. Foreign Terminal and Storage Agreements.....	12
Table 8. Floating DFSPs (Military Sealift Command Tankers, Navy L-Deck)	13
Table 9. Tactical Petroleum Terminals (Fuel Bladders).....	13

FIGURES

Figure 1. Warning Notice Process Flow	46
Figure 2. Notice of Violation Process Flow.....	47

SECTION 1: GENERAL ISSUANCE INFORMATION

1.1. APPLICABILITY. This issuance applies to:

a. This issuance applies to OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the DoD (referred to collectively in this issuance as the “DoD Components”).

b. Non-DoD Federal Government agencies participating in the DoD supply chain management of energy commodities, referred to collectively in this volume as “Participating Agencies,” but only when and to the extent they adopt the conditions, terms, and requirements of this manual.

1.2. INFORMATION COLLECTIONS. The DFSP Annual Data Call, referred to in Paragraph 9.3.a.(2), does not require licensing with a report control symbol in accordance with Paragraph 1.b.(13) of Volume 1 of DoD Manual 8910.01.

1.3. SUMMARY OF CHANGE 1. This change reassigns the office of primary responsibility for this issuance to the Under Secretary of Defense for Acquisition and Sustainment in accordance with the July 13, 2018 Deputy Secretary of Defense Memorandum.

SECTION 2: RESPONSIBILITIES

2.1. ASSISTANT SECRETARY OF DEFENSE FOR LOGISTICS AND MATERIEL READINESS (ASD(L&MR)). Under the authority, direction, and control of Under Secretary of Defense for Acquisition and Sustainment, the ASD(L&MR) oversees the management of all records produced for the management of DoD bulk petroleum.

2.2. DIRECTOR, DEFENSE LOGISTICS AGENCY (DLA). Under the authority, direction, and control of the Under Secretary of Defense for Acquisition and Sustainment, and in addition to the responsibilities in Paragraph 2.3., the Director, DLA:

a. Provides oversight and ensures the execution of the responsibilities and procedures for the management and accountability of DLA-owned energy commodities.

b. Oversees capitalization of fuel at military installations and closure and realignment of DFSPs, as appropriate, in coordination with the DoD Components.

c. Provides centralized planning and support to the DoD Components and Participating Agencies on all DLA bulk and retail energy commodity supply chain matters.

d. Appoints a DLA Energy Class III accountable officer (AO) for inventory accountability, reconciliation of physical, in-place, and in-transit inventories.

2.3. DOD COMPONENT AND PARTICIPATING AGENCY HEADS. The DoD Component and Participating Agency heads:

a. Provide stewardship and accurate accounting of all fuel movements.

b. Accept bulk petroleum on behalf of the United States Government.

c. Provide for complete receipt, storage, and delivery systems maintained in good operating condition.

SECTION 3: DFSP MANAGEMENT

3.1. GENERAL. DLA Energy, as DLA's agent, is the integrated materiel manager for energy commodities and related services.

3.2. DLA ENERGY REGIONS. Each DLA Energy regional office provides regional oversight for bulk petroleum logistic support for DFSPs worldwide. In general, the role of the DLA Energy regional office is to provide a single point of contact (POC) to the DFSP and maintain effective control over Defense Working Capital Fund (DWCF) inventory and operations at the DFSP. DLA Energy regional offices ensure that DFSPs have a continuous and reliable source of fuel for the customers. The role of the DLA Energy regional office is to:

- a. Oversee DLA Energy contracts for adequate customer support and coordinate or execute delivery orders with energy commodity vendors.
- b. Perform contract administration functions such as property administration, contracting officer (KO) representation, and quality assurance (QA) pertaining to contractor performance.
- c. Perform quality surveillance (QS) on all aspects of the supply chain.
- d. Provide or coordinate transportation support and emergency planning.
- e. Document inventory or supply transactions.
- f. Help DFSPs resolve operational problems, including assistance with facility support and interface with transportation entities.
- g. Enforce DFSP compliance, by daily Enterprise Business System (EBS) monitoring, staff assistance visits (SAV), end of month and end of year closeout and auditability inspections, in accordance with DLA Energy procedures found at <http://www.dla.mil/Energy/Business/DLAEnergyPortal.aspx>. Follow instructions for access to this Command Access Card-enabled portal.
- h. Identify missing or inaccurate submissions of daily, weekly, and monthly reports.
- i. Inspect adequate levels of segregation of duties at DFSPs during site visits, and when necessary, assume an increased oversight role to mitigate risks at DFSPs unable to satisfy segregation of duties requirements.
- j. Provide receipt or shipment instructions and monitor terminal conditions for quality upkeep and safety practices.
- k. Review DLA-owned product accounts daily to ensure accurate reporting and provide instruction to DFSPs when warranted.

- l. Review reported gains or losses adjustment transactions for all petroleum products to determine if they exceed allowable gain or loss thresholds.
- m. Perform property administration for the KO in protecting U.S. Government interests.
- n. Monitor DFSP inventory levels reported in the inventory management plan.
- o. Coordinate with DFSP operators and service control points (SCPs) in maintaining stock levels.
- p. Monitor or maintain war reserve stock levels at DFSPs.
- q. Make arrangements with commercial carriers to provide deliveries in a national crisis as required.

3.3. DOD COMPONENT AND PARTICIPATING AGENCY PERSONNEL ASSOCIATED WITH A DFSP.

a. AO. The AO is responsible for the safeguarding of all DLA-owned bulk petroleum, regardless of who may have physical custody of the product.

b. Property Administrator (PA). As an authorized representative of the KO, a PA:

(1) Is duly appointed by the KO, in accordance with DLA Energy procedures and is responsible to administer contract requirements and obligations relating to U.S. Government property in the possession of the contractor.

(2) Evaluates contractor efficiency in management of U.S. Government property and advises DLA and DoD contracting officials regarding such management.

(3) Serves as a member of the contract administration team, which is comprised of other functional elements such as quality representatives (QRs), inventory managers, and transportation or facilities specialists who should be consulted regarding technical aspects of contract performance that fall outside of the PA's area of expertise.

c. Responsible Officer (RO). DoD Components:

(1) Appoint a military or civilian employee as the RO to provide care and safekeeping of U.S. Government-owned petroleum, oil, and lubricants (POL) property at U.S. Government-owned and U.S. Government-operated (GOGO) DFSPs.

(2) Appoint an RO who:

(a) Is a U.S. Government employee with minimum grade of GS-9; noncommissioned officer in the grade of E-7; warrant officer with minimum grade WO1; or commissioned officer with minimum grade O-1. DLA Energy may waive minimum grade and experience level upon written request.

(b) Is proficient in fuel management functions.

(c) Is not assigned to contractor-owned and contractor-operated (COCO) DFSPs.

(d) Has oversight authority of the contract portion of the U.S. Government-owned and contractor-operated (GOCO) DFSP operation. In these cases, assign the care and safekeeping of U.S. Government POL property to the terminal manager (TM) by contract; however, the RO retains oversight authority and will collaboratively, with the contracting officer representative (COR), inspect and ensure compliance with policy.

d. TM. At COCO and GOCO DFSPs, the TM is directly responsible and accountable for all U.S. Government property in accordance with contract requirements and oversees all aspects of DFSP operation. The TM establishes and maintains a property control system to control, protect, preserve, and maintain U.S. Government property.

e. DWCF Transaction Processors or Accountants. A primary and an alternate inventory accountant are designated at each DFSP to process inventory transactions daily into the DLA system of record. Inventory accountants also prepare documentation to reconcile end-of-month DWCF book and physical inventories, and are capable of calculating manually gauged inventory quantities.

f. DWCF Inventory Operators or Handlers. Inventory operators or handlers receive, store, transfer, and issue product inventory, and ensure procedural compliance with this volume to achieve accurate DWCF product inventory quantity determinations.

g. CORs. CORs represent the KO. The DLA Energy KO will ensure that personnel appointed as CORs have qualifications and experience commensurate with the authority they will exercise. The COR's responsibilities and limitations are established by the KO. DLA Energy appointments of personnel assigned to Combatant Command (CCMD) components will be coordinated and approved by the individual CCMD's joint petroleum office (JPO).

h. QR. A DoD Component assigns QR responsibilities to an individual, civilian or military, to perform quality functions related to DLA Energy products and services. These selected individuals will perform QA and QS duties routinely, including verification that fuel quality-related procedures, conditions of U.S. Government fuel facilities, and fuel-related equipment are in compliance with military standards (MIL-STDs) and policy. Individuals selected to perform QA or QS duties may also accept product on behalf of the United States Government. When administratively and financially practical, these individuals may be appointed to perform PA or COR functions in conjunction with their QA or QS functions.

3.4. DFSP CLASSIFICATION AND OVERSIGHT RESPONSIBILITIES.

a. DFSP Classifications. Oversight responsibilities vary depending on the type of DFSP and who provides the funding for facilities and manning. DFSPs are classified as a:

(1) GOGO where the real property, facilities, vessel, ship, and equipment used is owned and operated by the DoD Components.

(2) GOGO foreign government when the DFSP is owned by a foreign government and may be operated by either a foreign government or by U.S. personnel under a memorandum of understanding or terminal operating agreement.

(3) COCO when:

(a) Facilities and equipment are owned and operated by the contractor, which may or may not be located on a military installation;

(b) There are pipeline and storage operating agreements and the DFSP is owned and operated by the contractor; or

(c) There are terminal operating and storage agreements when the DFSP is owned and operated by a contractor.

(4) GOCO type as follows:

(a) A GOCO when the real property, facilities, and equipment are owned by the U.S. Government and operated by a contractor.

(b) A GOCO (D) when the DFSP is operated by a DLA contract.

(c) A GOCO (S) when the DFSP is operated by a Military Department contract.

(d) A GOCO foreign government when the foreign government owns the DFSP, but it is operated under a foreign government contract.

b. Assigned Duties and Responsibilities. DoD Components and Participating Agencies assigned duties and responsibilities as depicted in Tables 1 through 9. The S denotes DLA and E denotes Industrial Plant Equipment (SE) DoD Activity Address Code (DoDAAC):

Table 1. GOGO (Single Operation Under a Single SE DODAAC)

Government Owned – Government Operated DFSP					Required Oversight					
DFSP	Type Operation	Operated By	Classification	Facilities	RO	KO	PA	TM	COR	Funded by
GOGO	Military Managed	100% Government Employees	U.S. Government Owned US Government Operated	All Real Property, Facilities, Equipment owned by U.S. Government	X					Military Service

Table 2. COCO (Single Operation Under a Single SE DoDAAC)

Contractor Owned – Contractor Operated DFSP					Required Oversight					
DFSP	Type Operation	Operated By	Classification	Facilities	RO	KO	PA	TM	COR	Funded by
COCO	Contractor Managed	100% Contract Employees	Contractor Owned Contractor Operated	All Real Property, Facilities, Equipment owned by contractor		X	X	X	X	DLA

Table 3. GOCO (Single Operations Under a Single SE DoDAAC)

Government Owned – Contractor Operated DFSP					Required Oversight					
DFSP	Type Operation	Operated By	Classification	Facilities	RO	KO	PA	TM	COR	Funded by
GOCO (D) DLA Contract	Contractor Managed	100% Contract Employees	U.S. Government Owned Contractor Operated	All Real Property, Facilities, Equipment owned by U.S. Government		X	X	X	X	DLA
GOCO (S) Military Contract	Contractor Managed	100% Contract Employees	U.S. Government Owned Contractor Operated	All Real Property, Facilities, Equipment owned by U.S. Government		X	X	X	X	Military Service

Table 4. GOCO D or S (One Operation, Single DFSP, Single SE DoDAAC with Government and Contract Employees)

Government Owned – Contractor Operated DFSP					Required Oversight					
DFSP	Type Operation	Operated By	Classification	Facilities	RO	KO	PA	TM	COR	Funded by
GOCO (D) DLA Contract	Military Managed	Government and Contract Employees	U.S. Government Owned Contractor Operated	All Real Property, Facilities, Equipment owned by U.S. Government	X					DLA
GOCO (S) Military Contract	Military Managed	Government and Contract Employees	U.S. Government Owned Contractor Operated	All Real Property, Facilities, Equipment owned by U.S. Government	X					Military Service

Table 5. Multiple Operations – Single SE DoDAAC

Government Owned – Single DFSP- Separate Operations					Required Oversight					
DFSP	Type Operation	Operated By	Classification	Facilities	RO	KO	PA	TM	COR	Funded by
GOGO	Military	U.S. Government Employees	U.S. Government Owned Government Operated	All Real Property, Facilities, Equip owned by U.S. Government	X					Military Service
GOCO (S)	Separate Contract	Military Service Contract	U.S. Government Owned Contractor Operated	All Real Property, Facilities, Equip owned by U.S. Government		X	X	X	X	Military Service
GOCO (D)	Separate Contract	DLA Contract	U.S. Government Owned Contractor Operated	All Real Property, Facilities, Equip owned by U.S. Government		X	X	X	X	DLA

Table 6. DLA Managed Pipeline and Storage Agreements

Pipeline/Terminal Storage & Operating Agreement					Required Oversight					
DFSP	Type Operation	Operated By	Classification	Facilities	RO	KO	PA	TM	QA	Funded by
COCO	100% Contract	100% Contract Employees	Contractor Owned Contractor Operated	All Real Property, Facilities, Equipment owned by contractor			X	X	X	DLA

Table 7. Foreign Terminal and Storage Agreements

Foreign Terminal and Storage Agreements					Required Oversight					
DFSP	Type Operation	Operated By	Classification	Facilities	RO	KO	PA	TM	QA	Funded by
GOGO (FG)	Foreign Military	Foreign Government Employees	Foreign Government Owned Foreign Government Operated	All Real Property, Facilities, Equipment owned by foreign Government			X		X	DLA
GOGO (FG)	U.S. Military	U.S. Military Employees	Foreign Government Owned U.S. Government Operated	All Real Property, Facilities, Equipment owned by Foreign Government	X					Military Service

Table 8. Floating DFSPs (Military Sealift Command Tankers, Navy L-Deck)

Floating DFSPs					Required Oversight					
DFSP	Type Operation	Operated By	Classification	Facilities	RO	KO	PA	TM	COR QA	Funded by
GOGO	Military Vessel	U.S. Military	U.S. Government Owned U.S. Government Operated Vessel	Equipment Owned by U.S. Government	X					Military Service
GOCO (S)	Military Vessel	MSC with Contract Employees	US Government Owned Contractor Operated	Equipment Owned by U.S. Government	X	X			X	Military Service

Table 9. Tactical Petroleum Terminals (Fuel Bladders)

Tactical Petroleum Terminals					Required Oversight					
DFSP	Type Operation	Operated By	Classification	Facilities	RO	KO	PA	TM	COR	Funded by
GOGO	U.S. Military	U.S. Military	U.S. Government Owned Government Operated	Equip Owned by U.S. Government	X					Military Service
GOCO (S)	U.S. Military	Contract Employees	U.S. Government Owned Contractor Operated	Equip Owned by U.S. Government	X	X		X	X	Military Service
GOCO (D)	Contract	Contract Employees	U.S. Government Owned Contractor Operated	Equip owned by U.S. Government		X	X	X	X	DLA

c. DoD Components and Participating Agencies Responsibilities. A DoD Component or Participating Agency:

- (1) Consolidates multiple operations on a single installation under a single SE DoDAAC as needed.
- (2) Establishes the oversight for each operation as identified in Table 5.
- (3) Aligns the DFSP classification with the operation and the responsibility to reconcile the consolidated product accounts.

SECTION 4: DFSP OPERATIONS

4.1. CUSTODY AND RISK OF LOSS.

a. Receipt Custody Transfer Points and Risk of Loss. A DoD Component or Participating Agency accepts the property at the point of custody unless specified differently by contract. Custody and risk of loss will transfer to the DoD Component or Participating Agency for:

(1) Pipeline receipts when the product passes the flange connecting carrier's pipeline and the U.S. Government-operated pipeline.

(2) Marine receipts when the product passes the permanent hose connections of the barge or tanker unloading the product.

(3) Tank car receipts when the product passes from the tank car discharge hoses into the U.S. Government-operated receiving facilities, whether it be a storage tank, line, or any other type of receiving equipment.

(4) Transport truck receipts when the product passes from the transport truck discharge hoses into the U.S. Government-operated receiving facilities whether it be a storage tank, line, or any other type of receiving equipment.

b. Shipment Custody and Risk of Loss. A DoD Component or Participating Agency transfers custody and risk loss of product transfers to carriers for:

(1) Pipeline shipments when the product passes the flange connecting the U.S. Government-operated pipeline and the carrier's pipeline.

(2) Marine shipments when the product passes the permanent hose connections of the barge or tanker.

(3) Tank car shipments when the loaded tank car is released for shipment by the U.S. Government.

(4) Transport truck shipments when the loaded transport truck is released for shipment by the U.S. Government.

(5) Other shipments as otherwise provided in the contract.

4.2. GENERAL RECEIVING AND STORING CONDITIONS.

a. The RO or TM transfers and stores each grade of product in a manner that preserves the quality of the product and prevents contamination. Products are stored at the DFSPs in fuel storage tanks. Contamination is prevented by using proper storage and handling techniques outlined in this volume and Unified Facilities Criteria (UFC) 3-460-01, MIL-STD 3004, and

DoDI 4140.25. The responsibility for detecting contamination before adding new product to storage and preventing contamination to product after delivery rests with the RO or TM.

b. When requested, the RO or TM transfers product between tanks to consolidate same types or grades.

c. Whenever a product is to be removed from a tank to accomplish cleaning or repair, to change product, or to remove the tank from service, the tank will be stripped of residual product to preclude loss of recoverable product.

(1) The RO or TM provides the QR with information pertaining to the amount of product deemed unrecoverable, the reason why the product cannot be recovered, and analysis of the unrecovered fuel quality.

(2) All unrecoverable tank bottoms or line fill quantities will be reported to DLA Energy for disposition instructions. Contaminated or off-specification product will be reported to the QR in order to get disposition instructions.

4.3. GENERAL SHIPPING CONDITIONS.

a. Conveyances required for shipment will be furnished or designated by the U.S. Government.

b. Conveyance inspection and shipment documents covering deliveries made from the DFSP will be in accordance with the instructions in Volume 12 of this manual.

c. The RO or TM:

(1) Inspects all shipping conveyances before loading to ensure that product loaded will not be lost or contaminated by the condition of the equipment.

(2) Ensures inspections are performed by DFSP trained and certified personnel.

(3) Prevents delegation of the inspection to the conveyance operator or driver. This type of internal management control reduces risk of error and fraud and minimizes potential for a single individual to affect DWCF inventory management accuracy and integrity.

(4) Performs inspections at contractor-operated locations according to the existing contract provisions.

(5) Permits the conveyance operator or driver to physically load the conveyance only under the surveillance and the direction of DoD (or its contract) personnel.

(6) Quickly reports to the traffic manager of the appropriate DLA Energy regional office, QR, and to the carrier's terminal where equipment is stored if equipment is found to be unsatisfactory.

(7) Installs and uses strainers of the correct mesh and design facilities in accordance with UFC 3-460-01.

d. Each DFSP:

(1) Operates and maintains facilities in accordance with UFC 3-460-03.

(2) Where required, attaches serially-numbered seals to the dome covers of tank cars and all openings of tank trucks so that entry can only be gained by breaking a seal (if used, indicate seal numbers on shipping documents).

(3) Furnishes placards, as required by Section 172.506 and Section 172.508 of Title 49, Code of Federal Regulations, and attaches the placards to all tank cars and tank trucks unless placards are already attached.

e. For tank cars only, the RO or TM:

(1) Operates and maintains tank cars in accordance with UFC 3-460-03.

(2) Maintains records showing each day a U.S. Government-owned or -leased tank car is received or forwarded by car number and furnish the information to the DLA Energy regional office upon request.

(3) Inspects empty U.S. Government-owned tank cars and ship tank cars located on the DFSP to repair facilities as directed by DLA Energy or the DLA Energy regional office.

f. For tankers and barges only, the RO or TM should receive a notice from DLA Energy in advance of the date on which loading is to be made for tankers and barges. Each notice will specify the quantity to be loaded, the cargo number and name of the vessel, and the scheduled loading date. For tankers, notice will also include the size of the vessel and the expected time of arrival.

4.4. MEASUREMENT STANDARDS. Each DFSP makes all measurements and calibrations to determine quantity in accordance with the most recent edition of the American Petroleum Institute (API) Manual of Petroleum Measurement Standards. If outside the United States, use other technically equivalent national or international standards as required.

4.5. REMOVAL OF WATER BOTTOMS. Each DFSP:

a. Designs storage tanks in accordance with UFC 3-460-01.

b. Ensures storage tanks are operated and maintained in accordance with UFC 3-460-03 to ensure proper removal of water bottoms.

c. Disposes all hazardous materials and hazardous wastes in accordance with applicable federal, State, interstate, and local requirements. For foreign sites, the facility must be in

compliance with the final governing standards (FGS) or, if there are no FGS, with the Overseas Environmental Baseline Guidance Document and any applicable international agreements.

4.6. MOVEMENT CONTROL RECORDS. The RO, TM, or PA ensures documentation is filed, is in compliance with the applicable policies, and is maintained in accordance with the information and instructions provided in Volume 12 of this manual.

4.7. SAMPLING AND TESTING OF PETROLEUM PRODUCTS. Each DFSP:

- a. Samples and tests products stored in accordance with the requirements in Volume 4 of this manual.
- b. Conforms to the standards for DFSP facilities and commercial laboratory equipment established for occupational safety and health, fire protection, or local regulations.
- c. Submits tank water bottom samples to a laboratory for testing in accordance with the requirements in MIL-STD 3004.

4.8. Environmental Protection, Spill Prevention, and Response. The RO or TM:

- a. Complies with all applicable federal, State, interstate, and local requirements relating to the protection of the environment which are applicable to the operation of the DFSP.
- b. Reports all spills in accordance with the procedures in Volume 9 of this manual.
- c. Conforms to the site-specific spill response plan (e.g., facility response plan, spill prevention, control, and countermeasures plan).

4.9. Protection of Government Property. The RO or TM:

- a. Complies with existing laws, regulations, or procedures to avoid damaging or contaminating existing buildings, equipment, paved surfaces, soil, or vegetation (such as trees, shrubs, and grass) on the U.S. Government installation.
- b. Takes all measures as required by existing laws, regulations, or procedures to prevent energy commodity spills.
- c. Follows the procedures specified in the contract at COCO or GOCO facilities, which generally identifies the contractor as responsible for the containment, cleanup, and disposal of the product spilled by the contractor. Should the contractor fail or refuse to take the appropriate containment, cleanup, and disposal actions in a timely manner, the U.S. Government may do so itself. The KO monitors reimbursement to the U.S. government for all expenses incurred including fines levied by federal, State, or local governments as specified in the contract.

4.10. DFSP SECURITY AND FIRE PROTECTION.

a. In accordance with Service-specific requirements, each DFSP:

- (1) Encloses the entire facility by a fence suitable to deter unauthorized access at locations within the United States and locations outside of the United States.
- (2) Fits the fence with gates that must be secured via locking device or mechanism when not in use.
- (3) Maintains a visitor registry, to control and monitor visitor's access, and keeps the registry on file in accordance with records management prescribed by Section 3 of Volume 2 of this manual, the Privacy Act of 1974, and DoDD 5400.11.
- (4) Establishes an internal emergency notification or communication system linked to all critical points of the facility, capable of serving both as an alarm system and emergency notification for man-made and natural events that will affect operations.
- (5) Maintains the water supply, firefighting system, and associated equipment and require that they conform to fire protection requirements and API standards in the Manual of Petroleum Measurement Standards. Use other standards at locations outside the United States, as needed, with previous approval of DLA Energy or its authorized agent.
- (6) Designates the facility as a controlled area and post a notice to that effect.

b. In the event of an emergency at a DFSP within the United States, the RO or TM will seek the assistance, as appropriate, of:

- (1) Host or local installation security forces.
- (2) Local ambulance service, fire department, and local and State police.
- (3) Regional office of the Federal Bureau of Investigation.
- (4) Secret Service.
- (5) U.S. Marshal's Service.
- (6) Federal Emergency Management Agency.

c. DFSP RO or TMs outside the United States keep terminal contact information on file, to include names and telephone numbers of first responder agencies (fire, ambulance, police) and any higher level police or investigative agency identified by local regulations for specific emergencies.

4.11. CONTRACT TURNOVER INSPECTIONS AT GOCO TERMINALS. DLA Energy representatives and the COR work with the outgoing contractor and the successor contractor in accordance with the specifications in the contracts to:

- a. Allow personnel of the successor contractor access to all contracted facilities to observe operations for the delivery of mobile fuel servicing equipment during the last ten working days of the contract.
- b. Accomplish a joint facilities turnover inspection during the last 96 hours of the expiring contract.
- c. Conduct a facilities walk-through and property inventory, product sampling and testing, and a complete product inventory.
- d. Annotate any defects found in the property or product in the corresponding inventory.
- e. Base remedies to discrepant items noted during the inspection on the provisions of the contract(s).
- f. Maintain all records pertaining to DFSP operation that are the property of DLA Energy and dispose of records according to the procedures in Volume 2 of this manual and the contract(s) provisions.

SECTION 5: COMMUNICATION AND INFORMATION TECHNOLOGY

5.1. GENERAL. Each DFSP must obtain and maintain access to the DLA Energy integrated database system of records to manage information on requirements determination to inventory, point of sale, vendor payment, and customer billing for all energy commodities.

5.2. DFSP INFORMATION SYSTEMS INFRASTRUCTURE.

a. Connectivity. Each DFSP must have internet access sufficient to allow the accountant to process inventory transactions into DLA system of record with on-site internet access providing enterprise-level authenticated access to DoD information networks systems.

b. Hardware.

(1) DLA Energy provides data processing equipment at GOGO DFSPs, necessary to accomplish mandatory inventory accounting in accordance with the information and instructions provided in Paragraph 7.2.b.(8) and applicable DLA system of record guidance. DFSPs systems and applications must meet requirements established in DoDI 8500.01 and supporting DoD issuances.

(2) As identified in the applicable contract for GOCOs and COCOs, contractors provide hardware specified in the contract that is capable of:

- (a) Processing all applicable inventory and accounting transactions on a daily basis.
- (b) Processing through DLA Energy-provided applications or software and authorized access to DoD networks and applications.

c. Software. DLA Energy provides software applications to enable order, receipt, and inventory transaction processing for all DFSPs.

d. User Accounts. The RO or TM:

- (1) Provides individual users with an account for network access and applications.
- (2) Identifies employees that will be processing inventory or accounting transactions.
- (3) Submits for requisite systems access for those employees.
- (4) Directs employees to complete a National Agency Check investigation for DoD automated data processing Level III systems.
- (5) Notifies DLA Energy immediately when personnel with access privileges no longer work at the DFSP or no longer require access.

e. Additional Installation-Level Data Collection or Forwarding Components.

(1) **Automated Fuel Handling Equipment.** Each Navy Supply Systems Command Fleet Logistics Center (Norfolk, Puget, Pearl Harbor, and Rota) uses the system control and data acquisition based application that does not interface with any other system component for:

- (a) Pump and valve control.
- (b) Data collection.

(2) **Automatic Tank Gauge (ATG).** Each DFSP uses ATG for gauge and valve data aggregation to:

- (a) Track inventory level in a tank.
- (b) Check as an indicator for possible leaks.
- (c) Provide Fuels Manager® Defense (FMD) the data feeds for tank-by-tank physical inventory.

(3) **FMD.** Each DFSP uses FMD or a Service owned system to:

- (a) Support retail DFSP operations.
- (b) Produce product receipt, track inventory, and document inventory.
- (c) Dispatch and track refueling equipment and personnel for product delivery and receipt.
- (d) Collect quality data.
- (e) Collect and document sales data.

(4) **FMD.** Each DFSP uses FMD:

- (a) At deployed sites with reduced operational requirements (e.g., an intermediate DFSP with no refuel operations).
- (b) To aggregate data feeds from ATG and sales data capture components.

(5) **Sales Capture.** Each DFSPs uses:

(a) The automated data capture (ADC) card reader attached to refueling equipment on DoD airfields for airfield crews to automatically attach the aviation into-plane reimbursement card® data to record a sale. Document transactions in log books or on a DD Form 1898, “Energy Sale Slip,” when ADC card readers are not available.

(b) Electronic point of sale device software to issue ground fuel through a service station pump based on use of authorized DLA purchase source media.

(c) Mobile version of the electronic point of sale device for tactical or mobile fueling vehicles.

SECTION 6: DLA ENERGY INSPECTIONS AND SAV

6.1. DLA ENERGY. DLA Energy:

- a. Conducts SAV to help the DFSP and DLA:
 - (1) Maintain compliant processes and procedures.
 - (2) Investigate and identify causes of excessive gains or losses.
 - (3) Identify unknown vulnerabilities. Appropriately classifies, protects, and communicates identified vulnerabilities.
- b. Uses the information gathered during a SAV or subsequent follow-up visits to update DLA procedures, support resource allocations, and steer DLA towards its strategic objectives.
- c. Establishes a SAV program focused on energy commodities and services. Ensures compliance with this manual.
- d. Oversees DFSPs.
- e. Represents DLA on inspection and audit matters concerning facilities, inventories, and product accounts.
- f. Certifies qualified senior petroleum subject matter experts. Qualified senior petroleum subject matter experts are available to assist internal or external inspection and audit agencies upon request.
- g. Assists DLA Energy regional office commanders with the development of regional SAV programs. Reviews checklists to ensure they address stewardship, adequate oversight, account reconciliation, inventory controls, and adherence to policy.
- h. Ensures consolidation of DFSP SAV, whenever possible, and that deficiencies are cross communicated within the agency.
- i. Performs an annual SAV to each DLA Energy regional office to evaluate established procedures to ensure compliance, review the DLA Energy Regional Office SAV program, and ensure required documentation and reports are on file to ensure audit readiness.
- j. Provides senior subject matter experts to other inspection and audit agencies upon request.

6.2. DEFENSE ENERGY REGIONAL OFFICE COMMANDERS. Each DLA Energy regional office commander:

- a. Establishes and provides oversight of a regional DFSP SAV Program.

(1) Ensures 100 percent coverage of every DFSP at least once every 3 years in coordination with the SCP. When possible, the SAVs should coincide with the regularly scheduled Service site visit such as Inspector General of the Department of Defense inspections and management assistance visits.

(2) Standardizes regional SAV and inspection checklists with other DLA Energy regional offices. Tailor checklists as needed to meet circumstances peculiar to each region.

(3) Tracks inventory related findings and coordinate other findings with the applicable SCP.

(4) Performs unscheduled SAVs to address inventory discrepancies as they are identified.

(5) Reports findings to the DLA Energy Fraud Counsel whenever a finding suggests unauthorized use, willful misconduct, or theft of petroleum inventory or U.S. Government property is identified.

(6) Keeps copies of all DFSP SAV and inspections for a period of 3 years in accordance with the records retention procedures in Volume 2.

b. Assists DFSPs in preparing for formal inspections upon request.

c. Tracks resolution of deficient items on the formal report prepared at the completion of the inspection. The report is provided to the applicable agencies commander and SCP.

6.3. COR. The COR:

a. Assists and accompanies DLA Energy regional office representatives during the SAV process.

b. Establishes and maintains a routine surveillance and inspection program, in accordance with the terms of the contract, to emphasize contractor training, safety, operational readiness, quality control, and product accountability.

c. Uses the inspection checklists in Paragraph 6.2.a.(2) as guides when conducting surveillance inspections.

d. Provides copies of monthly inspection reports to the KO, PA, and respective DLA Energy regional office.

e. Reports and works in coordination with KO, respective DLA Energy regional office, and PA to resolve recommendations or findings identified by other inspection agencies or offices.

6.4. PA. The PA:

- a. Assists and accompanies DLA Energy-Inventory Accountability Branch and DLA Energy regional office representatives during the SAV process.
- b. Conducts and records a semi-annual surveillance inspection at Military Department contract locations. Forwards semi-annual inspection reports to the TM for appropriate corrective action.
- c. Conducts and records an annual surveillance inspection at DLA contract locations. Forwards inspection reports to the TM for appropriate corrective action.
- d. Provides the inspection report, along with the proposed corrective action and estimated date of completion, and forwards to the KO, DLA Energy regional office, and DLA Energy.
- e. Coordinates with the COR as warranted for follow-up surveillance and corrective action for previously identified deficiency.
- f. Reports and works in coordination with DLA Energy-Inventory Accountability Branch (DLA Energy-LI) and the respective DLA Energy regional office to resolve recommendations or findings identified by other inspection agencies or offices.

SECTION 7: DFSP CAPITALIZATION

7.1. CAPITALIZATION PROCESS. DLA Energy uses the capitalization process to:

- a. Assume ownership of DoD petroleum stocks moving from the point of sale to the end-use customer.
- b. Complete the four phases of submission, internal evaluation, validation, and requirements, to determine qualification for capitalization. Each phase must be successfully negotiated or the site does not move onto the next phase.
- c. Determine if a nominated site meets the capitalization requirements; ensures the site is capable of satisfying all of the documentation and reporting requirements of a capitalized location; and, upon a favorable decision, prepare the location for operational capability. This would include consideration of obtaining services of a COCO operation on a military installation in accordance with Section 2922 of Title 10, United States Code.

7.2. REQUIREMENTS FOR CAPITALIZATION. In addition to evaluation and approval of nominated facilities, capitalization encompasses compliance, oversight, and remedies for noncompliance.

a. DLA Energy:

- (1) Evaluates requests for DWCF capitalization based on:
 - (a) Accounting and operations where the responsibility for DFSP management falls under the responsibility of a single organizational commander or KO.
 - (b) A nomination package that clearly indicates a single chain of command for GOGO DFSPs.
- (2) Determines if a site visit is required upon a requestor's qualification of the first two capitalization phases.
- (3) Reviews environmental documentation including Environmental Baseline Survey, Environmental Condition of Property Report, National Environmental Policy Act (NEPA) documentation, and site specific spill prevention and response plan and reserves the right to request additional environmental documentation to substantiate site conditions.
- (4) Is not responsible for costs, fines, and penalties related to any deficient conditions that existed before capitalization.
- (5) DLA Energy will establish and validate DFSPs with DLA's products through the Capitalization Merit Review Committee.

b. The requesting organization:

- (1) Appoints an RO or TM and PA upon approval and before the date of capitalization, in accordance with Volume 9 of this manual, to manage, account for, and safeguard inventory, equipment, and records.
- (2) Ensures the storage and dispensing facility nominated for capitalization is within the management jurisdiction or span of control of the appointed RO, TM, or PA. For example, aerospace ground equipment storage and dispensing facilities primarily utilized to fuel aerospace ground equipment (e.g., generators, air-conditioning units, heaters, and bomb lifts) outside the RO, TM, and PA span of control are not suitable to capitalize although the facilities occasionally issue fuel to other end-use customers.
- (3) Has a valid, service assigned, SE DoDAAC. All real property nominated for capitalization possesses a real property unique identifier and a service generated real property index number.
- (4) Provides a listing of any current or projected projects and any known deficiencies of the proposed real property.
- (5) Provides real property documents in accordance with the procedures in Volume 8 of this manual.
- (6) Has fuel inventory that supports multiple and distinct billable customer organizations. Each billable organization must have a different customer SE DoDAAC or federal activity address code, or sub-account data element such as organization code, account processing code, type equipment code, job order number, or fund code.
- (7) Has the capacity to accurately account for and accept responsibility to manage facilities that store or dispense DWCF inventory consistent with supply chain management guidance as prescribed by DLA Energy and DoD.
- (8) Agrees to comply with DLA Energy daily and end of fiscal year inventory and transaction reporting requirements. The DoD requires fiscal year closeout each September 30 regardless of day of the week. Refer to Volume 11 of this manual for additional information concerning inventory reporting requirements.
- (9) Agrees to maintain a prescribed DWCF transaction audit trail to satisfy all requirements for transaction documentation, records and data management, and submission of reporting and product requirements. Refer to Volume 10 of this manual for further audit trail requirements information.
- (10) Before the date of capitalization, provides a written quality surveillance plan to maintain all bulk petroleum inventories in accordance with MIL-STD 3004 as a minimum. The Military Departments may supplement API standards requirements at military locations in accordance with the technical guidance of the respective service; however, no additional DLA Energy funding will be provided to facilitate the implementation of any such supplemental requirements. See Volume 9 of this manual for further quality responsibilities and procedures.

(11) Agrees to assign personnel to facilities storing or dispensing DWCF inventory that are trained in DLA Energy business processes, supply chain management procedures, and fuels operations.

(12) Creates local operating instructions and establishes a recurring on-the-job training program to educate personnel in DLA Energy business processes.

(13) For capitalized fuel held in tactical systems, pay for any:

(a) SRM or replacement costs of the tactical systems.

(b) Environmental remediation costs related to the spill of capitalized fuel from the tactical system.

c. The requesting organization designates a minimum of two personnel, one as a primary and another as alternate, to process inventory transactions daily into the DLA system of record.

(1) When the site submits the request for capitalization, the primary inventory accountant will register for the DLA Energy-funded three week resident course, Base Level Defense Fuels Management Course, to secure training before the capitalization approval. The alternate inventory accountant will take the FMD Version 8, computer based training (CBT) course before capitalization and attend the DLA Energy-funded, three-week resident course, Base Level Defense Management Course within 1 year of capitalization.

(2) Both personnel will obtain the FMD access after the establishment of the SE DoDAAC in the system of record that normally does not occur until the site is approved for capitalization. Submit access requests to DLA Energy electronically using the FMD Account Management and Provisioning System.

(a) Access request should be completed within 45 days of the date that the site will begin processing transactions.

(b) Access granted by DLA Energy before this time frame will no longer be valid once the user begins processing and will result in the user having to complete a second access request to the system.

(c) In accordance with DoDI 8500.01, personnel who require DoD automated information system access must have a background investigation completed. Contractor and foreign national personnel will also complete a background investigation to gain DLA Energy automated information system access.

d. The requesting organization ensures the fuel storage and dispensing facility is:

(1) In compliance with applicable federal, State, interstate, local, and DoD Component environmental requirements governing terminal operations. For foreign sites, the facility must be in compliance with the FGS or, if there is no FGS, with the Overseas Environmental Baseline Guidance Document and any applicable international agreements.

(2) In serviceable condition with fuel storage and dispensing systems that may be effectively utilized for their designed purpose. The requesting organization:

(a) Gets all pertinent environmental documentation from the appropriate installation environmental compliance office for DLA Energy review.

(b) Remedy conditions adequately and addresses conditions that make the facility not serviceable or out of compliance with applicable laws or regulations before capitalization is finalized.

(c) Ensures each storage and dispensing unit at each proposed capitalization facility, land or marine, has the structural capability to be properly sampled before capitalization.

(d) Immediately after capitalization, complete real property documentation to reflect the newly capitalized real property in accordance with the procedures in Volume 8 of this manual.

e. The requesting organization:

(1) Has adequate storage requirements for fuel storage tanks holding DWCF inventory. These requirements include:

(a) A minimum 5,000 gallon capacity.

(b) Strapping charts certified to either 1/8 or 1/16 inch (or metric equivalent) increments. Both measurements are required for outside continental United States sites.

(c) For tanks over 10,000 gallons, strapping charts must be certified to 1/16 inch (or metric equivalent). Certification to 1/16 inch and to the metric equivalent is required for outside continental United States sites, increments and ATG must be capable of measuring and displaying level data in 1/16 inch (or metric equivalent) increments. (Annotate if tanks are undergoing API 653 or Safety Technical Inspections to certify strapping charts to 1/16 inch).

(2) Provides DLA Energy with any certified tank inspection reports which have been accomplished, to include API 653 and API 570, available strapping charts, and pipeline and manifold inventory documents for all piping and manifolds connected to storage tanks holding DWCF inventory. Existing storage tanks at capitalized locations with less than 5,000 gallons of capacity are grandfathered.

(3) Establishes a measurement capability for:

(a) New infrastructure with ATG, electronic point of sale device measuring devices and temperature compensating metering devices are considered equipment items. Newly constructed bulk petroleum facilities planned for capitalization will be designed to integrate DLA Energy-approved equipment at receipt or transfer points.

(b) Existing infrastructure of eligible bulk petroleum facilities, automated measuring equipment and strapping charts. Submit requests to DLA Energy for funds after capitalization through sustainment, restoration, and modernization (S/RM) requests.

(c) ADC devices after DLA Energy's completion of a review for use at the point-of-sale. Upon certification and accreditation, the requesting organization uses ADC devices where applicable.

(4) Updates, as needed, real property records to reflect new and replacement bulk petroleum facility construction in accordance with Service real property regulations.

(a) When DoD Component funds are to be used to construct new bulk petroleum facilities at an existing DFSP, the funding activity will submit a new capitalization nomination package to DLA Energy for evaluation and approval of that tank or facility.

(b) When DoD Component funds are to be used to construct replacement bulk petroleum facilities at an existing DFSP, the owning activity will, through the supporting SCP, notify DLA Installation Support for Energy (DS-FE) and submit all design and engineering plans to DLA Energy for advance review. The replacement structure will be automatically added to real property information (RPI) data and be eligible for S/RM funding if it is used to store capitalized fuel.

(c) All new and replacement bulk petroleum facility construction will meet capitalization requirements in place at the time of design approval and be in accordance with UFC 3-460-01.

f. The DoD Component or Participating Agency:

(1) Submits request for capitalization of tactical fuel locations to CCMD JPO.

(2) Assigns a SE DoDAAC to the location.

(3) Includes in the request a:

(a) Line of accounting.

(b) SE DoDAAC.

(c) Supplemental SE DoDAAC (if required).

(d) Organization code or accounting processing code.

(e) Signal code.

(f) Fund code for validating and billing loss related charges.

(4) Reports losses to CCMD JPO during and at the end of the training or exercise.

(5) Includes documentation demonstrating the tactical site's capability to accurately measure product inventory and maintain inventory within gain or loss standards prescribed in Paragraph 4.4.

(6) Agrees to absorb the cost of product losses exceeding the established tolerances, if the results of an investigation or causative research substantiate the appropriate financial liability.

(7) Includes a copy of the contract and contact information for the KO and COR responsible for enforcing compliance with the contract, with requests to capitalize tactical DFSPs that are operated under a service controlled logistics support contract.

g. For limited duration, tactical locations established during wartime or contingency operations, DLA Energy:

(1) Reviews the needs of the customer and may authorize the use of our accounting system to process secondary sale support through inter-service billing. This process supports sale or credit (resale) transactions of DoD Component-owned product through rebilling services provided by DLA Energy for properly documented transactions.

(2) Considers setting up a temporary account provided the requesting organization agrees to absorb all operating losses for short-term tactical retail fuel locations established in support of training or exercises.

h. For product requirement and inventory, the nominated site will support a minimum end-use customer annual requirement of 10,000 gallons per product in the continental United States or 20,000 gallons per product for outside the continental United States. Any product on hand that is proposed for capitalization will meet the applicable military specification or commercial specification.

i. For information systems infrastructure:

(1) The requesting organization:

(a) Ensures internet access is sufficient to allow inventory transactions to be processed into DLA system of record daily.

(b) Ensures data processing equipment used for inventory transaction processing has the current DoD mandated operating system, service packs, and system memory requirements.

(c) Establishes user identifications and passwords in accordance with current base level support application administrator procedures, system authorization access request procedures, and common access card procedures as applicable.

(d) Establish a DoD e-mail account and current DoD login credential such as a common access card for each individual user.

(2) DLA Energy:

(a) May temporarily waive this requirement pending installation of necessary equipment and provision that inventory transactions will be processed into a DLA system of records at an alternate location until internet access is established.

(b) Provides equipment for inventory transaction processing, limited to that equipment necessary to accomplish mandatory fuel accounting for capitalized locations.

(c) Provides software applications to enable order, receipt, and inventory transaction processing.

(3) Any DLA and DLA Energy terminal area security officer (TASO) may serve as a trusted agent for transmittal of user identifications and passwords to employees and contractors within the TASO's organization or installation when the employee or contractor does not have access to a DoD or U.S. Government e-mail address. TASOs serving in a trusted agent capacity will positively identify the user and use secure and confidential transmissions of the employee's user identification and password.

j. Capitalization includes, except as noted in this section, funding to S/RM for designated storage facilities managed by DLA Energy or another DoD Component that store capitalized product. The following types of facilities are not eligible for S/RM funding:

- (1) Local power production and heating tanks.
- (2) State funded tanks.
- (3) Tactical fuel locations.
- (4) Temporary exercise locations.
- (5) Contracted into-plane or into-truck locations.
- (6) Contractor-owned terminals or pipelines unless otherwise specified by contract.
- (7) Government and commercial in-flight refueling aircraft.
- (8) Floating stock.
- (9) Rolling stock.
- (10) Customer accounts loaded purely to accommodate a secondary sale process.
- (11) Infrastructure whose RPI does not signify DLA or DLA Energy as S/RM provider.

7.3. SUBMISSION.

a. Military Department organization requesting capitalization of inventories held in storage facilities and related mobile transporters and dispensing equipment at GOGO and GOCO locations:

(1) Submits a written nomination package to DLA Energy-LI for approval by installation and higher chains of command and endorsement by the supporting SCP.

(2) Prepares the nomination package as the written documentation of a request for capitalization with:

(a) The capitalization worksheet to provide location information, valid inventory SE DoDAAC, routing identifier code, proposed energy commodity to capitalize, existing contract numbers and contract line item numbers, supply sources, and estimated annual requirement for each product.

1. Provide POCs in the initial submission of the capitalization worksheet for the RO or TM and PA, primary and alternate DLA system of record, processor, system administrator (where applicable), ordering officer, quality manager, installation legal office representative, and records or data management custodian.

2. Update and resubmit the capitalization worksheet to DLA Energy in the event any of the identified personnel are reassigned or no longer fill the previously identified position, before the actual capitalization date.

(b) Strapping charts (certified if available) and certified pipeline or manifold inventories.

(c) Listing of current customers with the customer name or organization, SE DoDAAC, federal activity address code, and other applicable customer billing data.

(d) Any known criminal investigations or criminal vulnerability assessments, pending or known environmental notices of violation received from federal, State, interstate, or local regulatory agencies, notices from host nation entities, audit agency findings, or internal DoD investigations related to operations and facilities.

(e) Copy of proposed quality surveillance plan.

b. DLA Energy-LI processes the nomination package for tactical locations for approval by the CCMD JPO, the supporting SCP, and DLA Energy for merit evaluation.

c. To enable scheduling of the required one time site assessment date, the nominated facility provides DLA Energy:

(1) Fuel facility and storage tank data.

(2) RPI data.

(3) Environmental documentation related to the facility, including an Environmental Condition of Property Report or Environmental Baseline Survey, NEPA documentation (or Executive Order 12114 for outside the United States), and site specific spill prevention and response plan.

- (4) Inventory management plan worksheet.
 - (5) A complete listing of petroleum-related military construction projects, to include the project number, scope, design documents, and estimated project cost.
 - (6) For contracted locations, copies of contracts for review before capitalization.
- d. The parent command:
- (1) Reviews the nomination package and attaches an appropriate approval or disapproval letter with supporting documents.
 - (2) Upon approval of the nomination package, forwards it to the supporting SCP for permanent locations or to the CCMD JPO for tactical locations.
 - (3) Upon disapproval of the nomination package, returns it to the requesting organization commander.
- e. The CCMD JPO:
- (1) For tactical locations, reviews the nomination package and attaches an appropriate approval or disapproval letter with supporting documents.
 - (2) Upon validation and approval, forwards the nomination package to the supporting SCP.
 - (3) Upon disapproval, returns the nomination package to the requesting organization's parent command.
- f. The supporting SCP:
- (1) Reviews the nomination package and attaches an appropriate service endorsement or non-endorsement letter with supporting documents.
 - (2) Upon endorsement of the capitalization request, forwards the nomination package to DLA Energy for merit evaluation and, if required, coordinates with the requesting organization to gather and submit documentation that may be missing from the nomination package.
 - (3) Upon non-endorsement of the capitalization request, returns the nomination package to the requesting organization's parent command.
- g. DLA Energy:
- (1) Convenes the Capitalization Merit Review Committee to review each nomination package for completeness.
 - (2) Upon delivery of complete nomination packages, acknowledges receipt in writing to the supporting SCP and notifies the supporting DLA Energy regional office that a nomination package has been submitted from its region.

7.4. INTERNAL EVALUATION.

a. DLA Energy:

(1) Reviews submitted nomination packages to determine if the facility meets the requirements and is a candidate for capitalization.

(2) Notifies the supporting SCP upon a favorable decision to move forward to the validation phase of the capitalization process.

(3) Requests copies of necessary supporting documents before the site assessment visit, which inspects and reports on the condition of the facilities nominated.

(4) Notifies the supporting SCP if DLA Energy has decided to not move forward to the validation phase of the capitalization process, and includes a supporting explanation. The review process should be completed within 120 days, if capitalization packages are complete.

b. The supporting SCP:

(1) Notifies the requesting organization of a decision to move forward to the validation phase.

(2) Notifies the requesting organization of an unfavorable recommendation for capitalization.

7.5. VALIDATION.

a. DLA Energy:

(1) Conducts a site assessment visit to the nominated facility, reviews the resulting formal site assessment report, and reviews the supporting documentation submitted by the requesting organization occurring during the validation phase of the capitalization process.

(2) In coordination with the supporting SCP, performs a pre-capitalization site visit to assess petroleum operations, facilities, and determine if all pre-capitalization requirements have been satisfied. Documents discrepancies, if any, and sends them back to the nominated site through the supporting SCP within 60 days.

b. The supporting SCP coordinates:

(1) The delivery of required supporting documentation to DLA Energy before the scheduling of the site assessment visit as requested in Paragraph 7.4.a.(3).

(2) With the requesting organization, DLA Energy, DLA Energy Installation Support for Energy, and the supporting DLA Energy regional office to schedule a site assessment visit.

(3) With the requesting organization to take corrective action to resolve deficiencies documented during a site assessment visit and forward copies of the resulting corrective actions and supporting documentation to DLA Energy.

c. The requesting organization:

(1) Upon request, submits documentation required before the site assessment visit, through the supporting SCP, to DLA Energy.

(2) Coordinates with the supporting SCP to schedule a site assessment visit and grants permission for the site assessment visit to take place.

(3) Resolves deficiencies documented during a site assessment visit and provides copies of the resulting corrective actions and supporting documentation to DLA Energy through the supporting SCP.

d. DLA Energy:

(1) Verifies that all requested documentation has been received and notifies the supporting SCP in writing when requested documentation has not been received.

(2) When all requested documentation has been received, notifies the supporting DLA Energy regional office and schedules a site visit with the supporting SCP.

(3) Advises the supporting SCP of any deficiencies noted in the site assessment report that require correction before capitalization.

(4) Upon approval of the capitalization request, notifies the supporting SCP in writing of the projected capitalization date and begins the requirements phase.

(5) Upon disapproval of the capitalization request, notifies the supporting SCP in writing of the decision and provides supporting documentation.

(6) Evaluates the nomination package, supporting documentation, site assessment report, and corrective action documentation to determine if capitalization can be supported.

(7) Considers approval of capitalization unless the locations have a pending or issued notice of violation received from federal, State, interstate, or local regulatory agency or notice from a host nation governmental entity, for environmental deficiencies that have not been properly addressed. Considers approval of capitalization after the deficiencies are corrected and any related environmental remediation (in the case of domestic sites) is fully completed by the requesting organization unless an agreement is established to address the deficiencies or remediation. Any remediation outside the United States must comply with DoDI 4715.08

(8) For contracted locations, reviews contracts and statements of work and documents any modifications that may be required before capitalization.

e. The supporting DLA Energy regional office:

(1) Conducts scheduled site assessment visits using the inventory site assessment checklist and, as appropriate, the environmental and safety checklist obtained from DLA Energy or the DLA Energy regional office.

(2) Documents each visit with a formal site assessment report submitted to DLA Energy with copies to the supporting SCP.

7.6. ADMINISTRATIVE REQUIREMENTS.

a. Upon a favorable decision to move forward to the requirements phase of capitalization for the nominated location, the requesting organization:

(1) Completes a set of inventory, accounting, systems, and training activities before the capitalization date to ensure operational readiness as a capitalized location.

(2) For contracted locations, upon capitalization approval and before the capitalization date, modifies contracts or statements of work as specified by Section 3 of Volume 12 of this manual.

(3) For contracted locations, ensures provision of all equipment, computer hardware, and software necessary to properly record inventory transactions. For this material (limited to that necessary to accomplish mandatory fuel accounting) contact DLA Energy if the contractor is not obliged to provide it under the terms of an existing contract.

(4) Obtains the DoD forms required to properly document petroleum inventory-related transactions in accordance with DoD and DLA Energy procedures.

(5) Submits system access requirements for the RO and TM or PA and DLA system of record processing personnel using account management and provisioning system. Initiate the requests for access with the initial capitalization request.

(6) Provides delivery SE DoDAAC, customer SE DoDAAC list, and billing data additions and updates that have occurred since the submission of the nomination package.

(7) Requires DLA system of record transaction processing personnel to attend the DLA Energy-funded (funding is limited to training and travel dollars) three week resident course, Base Level Defense Fuels Management Course, before on-site installation and training, where possible.

(8) Ensures the DLA system of record transaction processing personnel successfully complete the site-specific training by issuing a certificate of completion. The DLA system of record processing personnel is provided with a minimum of on-site training before capitalization. DLA Energy and the supporting SCP help the site arrange appropriate follow-on in-residence training for the RO or TM and base level accounting personnel at the DLA Energy-sponsored school.

(9) Evaluates the DLA system of record and the results of the training and provides confirmation that the DLA system of record is functioning. Confirms that personnel can operate the system of record independently or work with DLA Energy to resolve system issues and provide additional training, if necessary.

(10) Submits the RO or PA appointment letter in accordance with the procedures in Volume 9 of this manual. If previously identified POCs no longer fill the RO or PA positions, submits an updated Capitalization Worksheet to DLA Energy.

(11) Provides to DLA Energy on the day of capitalization the DD Form 2920, "DoD MILSPETS DFSP Transfer of Account Document," DD Form 2921, "Physical Inventory Petroleum Products," DD Form 1149, "Requisition and Invoice/ Shipping Document" and, if needed, the DD Form 2921C, "Physical Inventory Petroleum Products (Continuation Sheet)," reflecting the total physical inventory of petroleum products proposed for DLA Energy capitalization.

(12) Records the physical inventory corrected to 60 degrees Fahrenheit according to instructions at page two of the DD Form 2921 or DD Form 2921C. Records total inventory quantities to be capitalized upon completion of all final fuel movements.

(a) To be processed by the Service legacy system, the requesting organization keeps all records of receipts, shipments, sales, and credits.

(b) The requesting organization processes all petroleum transactions subsequent to DWCF inventory capitalization into DLA system of record against appropriate capitalized inventory ledgers. Completes and forwards a copy of the DD Form 2921 or DD Form 2921C to DLA Energy on the inventory capitalization date.

b. The supporting SCP:

(1) Supports the processing of system access requests from the DFSP and validation of delivery SE DoDAAC, customer SE DoDAAC list, and billing data for the DFSP.

(2) As required, supports the review of the site assessment report and validation of contract support funding and product availability.

c. DLA Energy, before capitalization and as required, creates a new national stock number for each new product and ensures that it is loaded into the appropriate systems. DLA Energy:

(1) Where contracts for fuel supply exist, implements modifications so the contracts are appropriate for a capitalized location and support the customer requirements.

(2) Where contracts for fuel do not exist, awards contracts or pursues an international agreement to support the customer requirements in accordance with DoDD 5530.3.

(3) Identifies DFSP system hardware and software requirements necessary to properly record inventory transactions.

(a) For contracted locations, notifies the requesting organization so that equipment may be ordered and delivered in time for installation and training to take place before the capitalization date.

(b) For U.S. Government owned locations, orders equipment for delivery in time for installation and training to take place before the capitalization date.

(4) Coordinates system access requests for the DFSP with the supporting SCP and, where appropriate, coordinates with the DLA Energy Help Desk to ship hardware and software to the DFSP. Call or e-mail the DLA Energy help desk at 1-800-446-4950, DSN 697-6733, 697-6734, 697-6735, 697-6736, or via e-mail at dlaenergyhelpdesk@dla.mil.

(5) Coordinates system setup and initial site training for the DFSP, provides a technical trainer on-site to configure system hardware, and provides DLA system of record site-specific training.

(6) Requires the technical trainer to provide a detailed trip report to DLA Energy upon return from the DFSP.

(7) Coordinates with the appropriate DLA Energy Business Units and the supporting SCP to review the site survey report and validate funding, contract support, and product availability.

(8) For contracted locations and before capitalization, ensure required contract and statement of work modifications have been completed.

(9) Verifies that contract award data is added correctly into the appropriate DLA system of record modules and notifies the supporting DLA Energy regional office.

(10) Loads the DFSP SE DoDAAC, tank data, and product national stock numbers into DLA system of record.

(11) Provides final tank data to DLA Energy.

(12) Upon satisfactory completion of on-site system configuration and training at the DFSP, review of the trip report, and verification of training completion, updates the inventory management database with DFSP POC data and closes the official capitalization record.

7.7. NON-CAPITALIZED FUEL SUPPORT.

a. DLA Energy provides fuel support to all authorized customers even when capitalization of fuel stocks is not warranted or requested. In these cases, DLA Energy offers three levels of non-capitalized fuel support.

b. When activities do not require the standard DLA Energy level of inventory accountability beyond the initial point of sale, do not have the ability to accurately measure and account for DWCF fuel stocks, or are repeatedly found noncompliant with either DoD or DLA Energy

policy, DLA Energy will continue to provide fuel support but the point of sale will be upon receipt.

c. Non-capitalized facilities are not part of the DWCF and therefore are not eligible for S/RM funding nor the use of Service funds to maintain facilities, equipment, and petroleum inventories in compliance with applicable Service guidance.

d. Under first destination fuel support (e.g., Service-owned bulk heating plants and power production facilities), DoD Components:

(1) Purchase fuel directly from a vendor as a first destination customer under a contract awarded by DLA Energy.

(2) Pick the point of sale at origin or at the delivery location.

(3) Use the terms of the contract for determination of quantity.

(4) Receive benefit from the availability of DLA Energy contracted fuel and from an automated ordering application which facilitates timely delivery and payment.

e. Under second destination fuel support (e.g., auxiliary field support tanks, civil engineering ground or housing maintenance tanks, aerospace ground equipment support), DoD Components:

(1) Receive fuel as a second destination customer facility under a contract awarded by DLA Energy but is accounted for by being processed through a first destination customer account or a DFSP.

(2) Pick the point of sale at origin or at the second destination delivery location.

(3) Use the terms of the contract for determination of quantity.

(4) Receive benefit from the availability of DLA Energy-contracted fuel.

(5) May order, and receive, fuel sold by a DFSP with delivery to one or more second destination locations to meet customer operational requirements.

f. Under secondary sales support when the operating requirement is met by enabling a first destination customer to process a secondary sale or receive credit for fuel sold to a second destination customer, the second destination customer benefits by gaining visibility of petroleum purchases. DLA Energy:

(1) Offers previously billed customers a secondary sale processing method for receiving credit for the exact amount of fuel they issue to second destination customers.

(2) Provides previous approval (except for Air Force in-flight refueling) upon receipt of a valid issue document.

(3) Completes the sale after documents are presented for processing at a DLA Energy designated location.

7.8. COMPLIANCE. On the date of capitalization, the DoD Components, through their designated RO, assume responsibility for ensuring compliance with DoD and DLA Energy procedures and demonstrate due diligence in maintaining and accounting for DWCF inventory.

a. DFSP management:

(1) Formally trains DFSP personnel, accounts for U.S. Government property and inventory, properly maintains POL facilities, and complies with applicable laws and regulations in accordance with this manual and DoD 7000.14-R.

(2) Assigns a qualified RO.

(3) Ensures one full-time qualified and formally trained accountant is available during normal duty hours to process transactions to the DLA system of record.

(4) Ensures a part-time qualified and formally trained accountant is available as a backup in the event the primary is unable to report to work.

(5) Ensures that all military and civilian personnel are thoroughly trained and fully qualified to perform their assigned responsibilities effectively and safely.

(6) Accounts for U.S. Government property and ensures that DWCF inventory is secure and remains on specification.

(7) Maintains DWCF inventory in compliance with governing inventory accounting procedures.

(8) Processes transactions and accounts for fuel receipts, issues, and inventory in an accurate manner in accordance with DLA energy policies.

(9) Records all DWCF inventory out-of-tolerance operating storage gain or loss or in-transit gain or loss discrepancies. Investigates and determines the cause of the gain or loss, takes appropriate corrective actions, and submits related loss reports. Maintain a clear audit trail with source documents and system back-ups.

(10) Maintains real property records in accordance with DoD real property guidelines and works with DLA Energy to ensure real property records are reconciled when required. Ensure that the fuel facilities are identified and coded for S/RM funds.

(11) Conducts terminal operations using U.S. Government or non-government (contractor) resources to maintain DFSP facilities.

(12) Ensures efficient performance and ensures compliance with contract terms if applicable.

(13) Identifies and resolves potential physical and environmental hazards, and ensures facility maintenance and repair requests are submitted the same day or no later than the following business day.

(14) Calibrates and certifies all measuring devices.

(15) Implements a vigilant quality program with properly trained personnel:

(a) For the inspection and acceptance of:

1. Product obtained under free on board destination contracts.

2. U.S. Government-owned product.

(b) To follow handling procedures protect the original product quality throughout the storage and distribution system, until it reaches the customer.

(c) To follow storage and handling techniques to maintain the quality and quantity of DWCF products in the DFSP custody.

(16) Develops, establishes, and maintains a quality surveillance program for DWCF products from the point of receipt to the point of sale.

(17) Reports quality-related problems to DLA Energy.

b. The assigned RO will nominate a qualified alternate, who must meet the same criteria, to serve during occasions when the RO is temporarily absent from the duty location for more than 5 consecutive days (vacations, deployment, or temporary duty).

c. DLA Energy will issue disposition instructions for off-specification product.

7.9. OVERSIGHT.

a. DLA Energy-Logistics Operations Directorate:

(1) Oversees all DFSPs by conducting SAV, monitoring EBS, and auditability compliance assistance, to ensure overall compliance with program requirements.

(2) Provides inventory procedures and compliance oversight of the DLA Energy regional office with a focus on inventory management, accounting, timeliness, and trend analysis.

(3) Works through the supporting DLA Energy regional office to determine and implement corrective action plans to address any identified performance or compliance issues.

b. The DFSP, DoD Components, Participating Agencies, and DLA Energy regional offices that provide operational oversight:

(1) Establish a self-inspection plan that addresses compliance with this manual. Keep inspection reports on file and provide to DLA Energy upon request.

(2) Provide to the supporting DLA Energy regional office copies of any formal inspection, audit, or follow-up report that pertains to DWCF fuel stocks or facilities qualifying for S/RM funding.

c. The DLA Energy regional office:

(1) Monitors the physical operation of the DFSP, including daily inventory processing and account reconciliation from the DFSP to the DLA Energy system of record, and transportation discrepancies.

(2) Where appropriate, monitors facility and equipment maintenance, product quality, safety, environmental compliance, and security.

(3) Monitors daily EBS transactions and provide assistance as needed.

(4) Performs customer site assessment and assistance visits as required.

(5) Formally notifies the RO, the KO (when applicable), supporting SCP, and DLA Energy of any findings of noncompliance.

(6) Coordinates the implementation of corrective action plans through the applicable SCP.

d. DLA Energy and the DLA Energy regional office teams provide:

(1) An ongoing program of measurement and analysis to ensure proper accounting, safeguarding, and operation of DWCF inventory and POL facilities storing and issuing product.

(2) Periodic remote monitoring and site inspections.

(3) A warning notice or notice of violation to any DFSP found to be noncompliant with the operation of the DFSP.

(4) Remedies to correct noncompliance as defined in Paragraph 7.10.

e. The DLA Energy regional offices:

(1) Monitor inventory levels and transaction processing on a daily basis for anything unusual, such as significant in-transit gain or loss or significant daily inventory gain or loss. Request reports when suspected leaks or spills need to be addressed and other remedial actions need to be taken.

(2) If a DFSP has not reconciled or processed as required, The DLA Energy regional office commander or designated representative issues a written warning notice to the DFSP that includes recommended corrective actions and provide a copy to DLA Energy and the applicable SCP.

(3) On a monthly basis, review gain or loss trend reports to determine if any DFSPs have had 3 consecutive months of excessive gain or loss and monitor and identify any other trends that may be of concern.

(4) On an annual basis, select DFSPs and perform a site assessment visit.

f. DLA Energy:

(1) On a monthly basis, provides the supporting DLA Energy regional office and the SCPs DFSP account reconciliation status reports.

(2) Upon identification of a trend of concern, initiates an investigation in conjunction with the supporting DLA Energy regional office and DFSP.

(3) On a quarterly basis, reviews DFSP maintenance schedules and performance metrics and, with the DLA Energy regional office teams, confers to discuss any DFSP that may be having performance problems. Recommends changes to ensure compliance. Reviews any DFSP that is already in noncompliance to determine the status of the corrective action plan.

7.10. NON-COMPLIANCE AND REMEDIES. A DFSP that is found to be noncompliant will be subject to a process of notification, corrective action, and remedy. Continued noncompliance at a GOGO location may result in return or transfer of inventory to an appropriated fund activity. Continued noncompliance at a COCO location will set in motion processes and remedies in accordance with the terms of the contract.

a. Warning Notice. A DoD Component or Participating Agency issues a warning notice using the process in Figure 1 as a first attempt to notify a DFSP of noncompliance and identify any deficiencies or processes that are not compliant; cite the applicable law, contract clause, regulation or policy; identifies corrective actions required; designates an appropriate amount of time to correct; and states the consequences of continued noncompliance.

(1) The supporting DLA Energy regional office:

(a) For GOGO locations, issues a formal warning notice to the RO with a courtesy copy to the supporting SCP when a DFSP is found to be noncompliant.

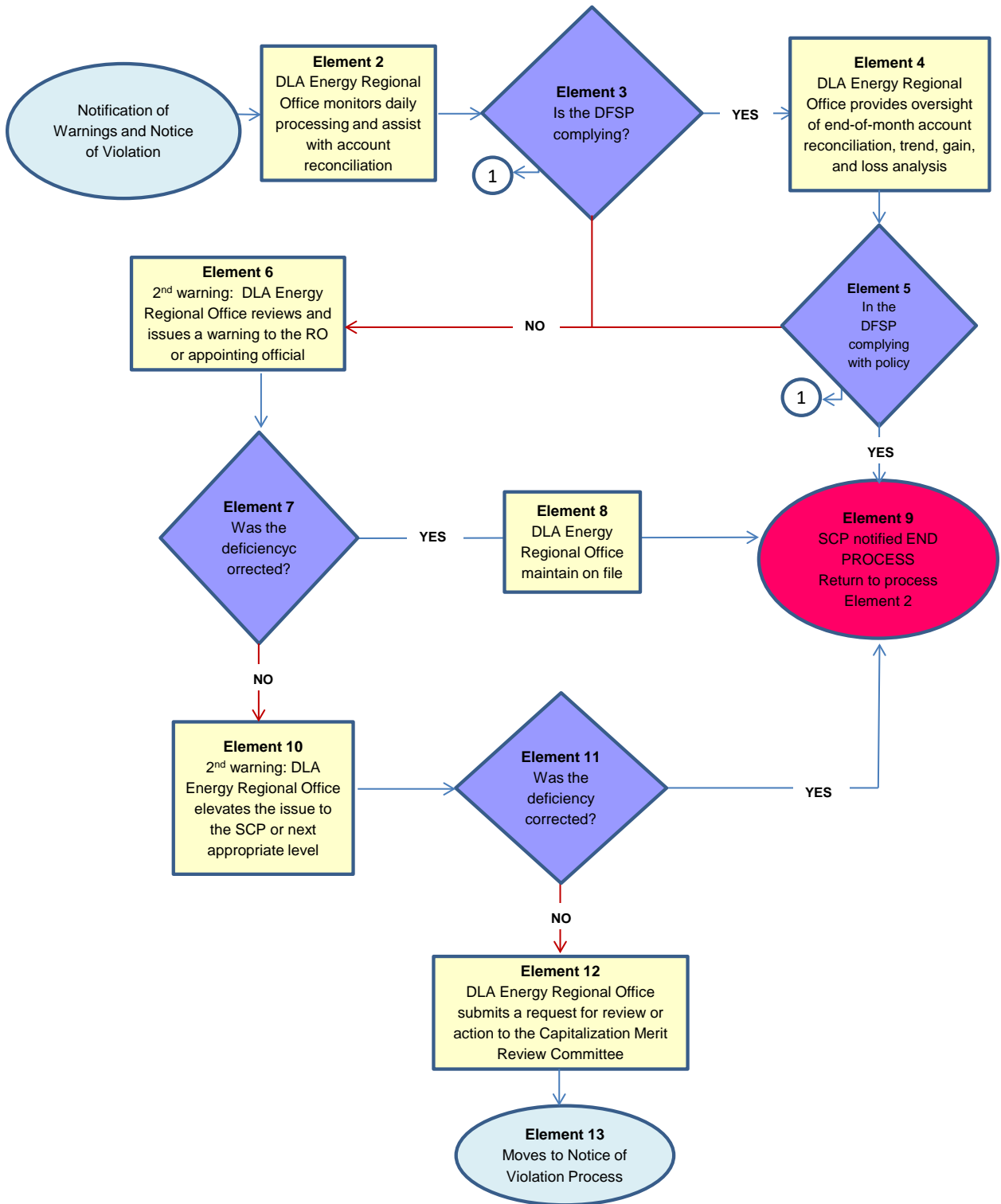
(b) For contractor-operated locations, issues a formal warning notice to the appropriate U.S. Government representative with a courtesy copy to the supporting SCP where appropriate when a DFSP is found to be noncompliant.

(c) Upon continued noncompliance at a GOGO location, escalates issues by sending a formal written notice of violation with the original warning notice attached, to the supporting SCP, and the next appropriate command level.

(d) Upon continued noncompliance at a contractor-operated location, escalates issues by sending a formal written notice of violation with the original warning notice attached, to the appropriate KO with a courtesy copy to the supporting SCP where appropriate.

- (e) Keeps copies of issued warning notices and any associated documentation on file.
 - (f) As required during corrective periods, performs site visits to provide assistance. The acceptable outcome of an assistance site visit will be resolution of each deficiency or an agreed upon action plan to achieve resolution.
 - (g) Reviews and validates all corrective actions taken in response to warning notices and, as required and in cooperation with the KO or COR, or supporting SCP, performs a site visit to assess the results of the corrective actions.
 - (h) Keeps copies of reports of corrective actions related to warning notices issued to DFSPs on file.
 - (i) Notifies the supporting SCP in writing when noncompliance issues have been resolved.
 - (j) Provides DLA Energy monthly metrics on warning notice status.
- (2) The DFSP:
- (a) Takes action to correct deficiencies documented by a warning notice and provides status reports to the issuing DLA Energy regional office as requested.
 - (b) Requests a change to their level of support if necessary.
- (3) The DoD Component or Participating Agency ensures a DFSP in receipt of a warning notice complies with all required actions and provides written documentation of correction to the issuing DLA Energy regional office.

Figure 1. Warning Notice Process Flow



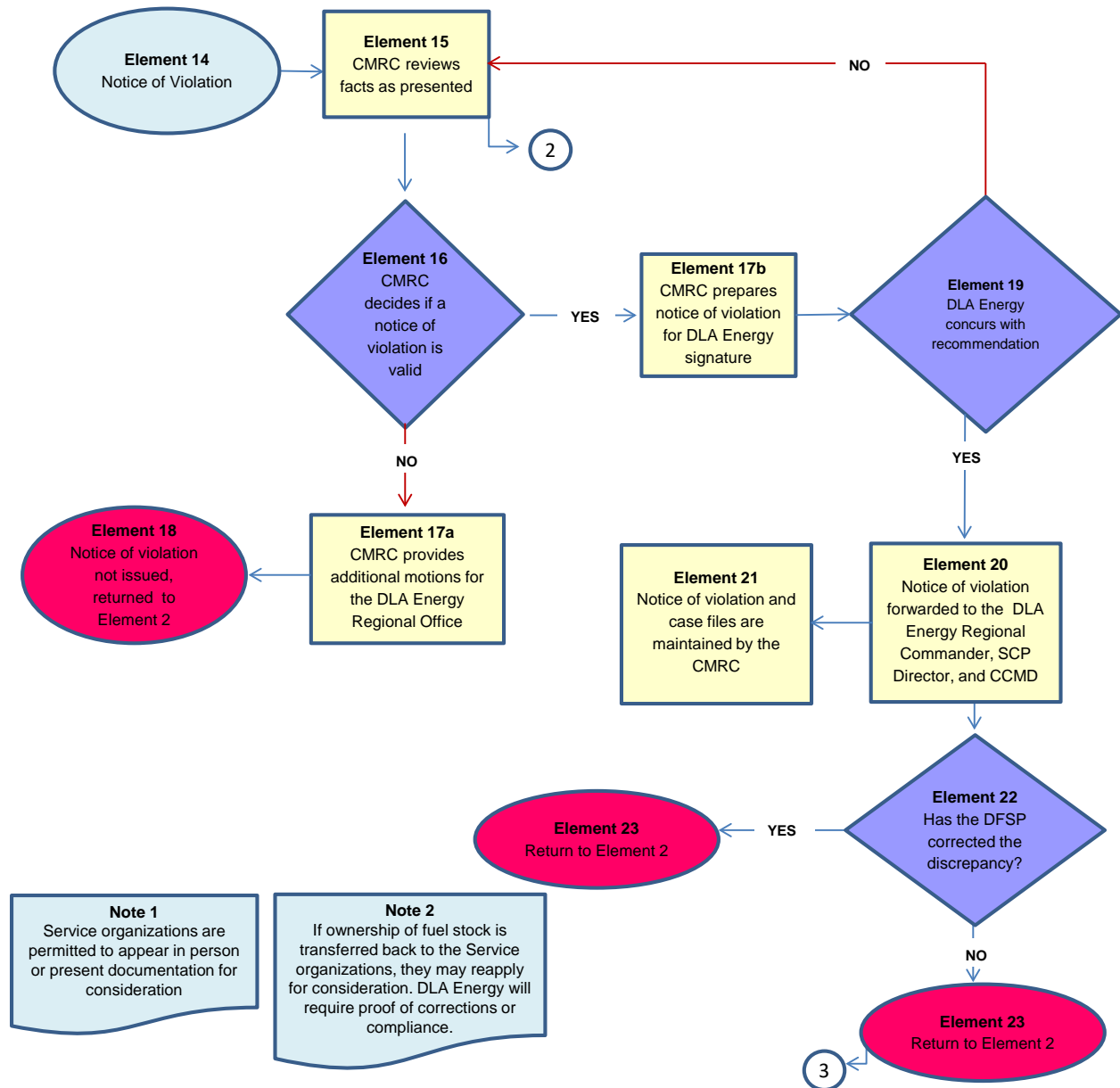
b. Notice of Violation.

(1) DLA Energy:

(a) Issues a formal, written notification of significant noncompliance to the DFSP.

(b) Provides details of any specific violations and potential consequences for failure to comply with established policy or contract provisions using the notice of violation process flow in Figure 2.

Figure 2. Notice of Violation Process Flow



- (c) Issues a notice of violation for:
 - 1. Failure to act on a warning notice.
 - 2. A pattern of unresolved warning notices.
 - 3. Multiple warning notices issued for the same infraction.
 - 4. Negligence, abuse, willful misconduct, or deliberate unauthorized property use or disposition.
 - 5. Unacceptable outcome of a site visit.
 - 6. Failure by the DoD Component or DFSP to permit a site visit.
- (d) Evaluates requests to issue a notice of violation to a DFSP.
- (e) As warranted, prepares a notice of violation.
- (f) Attaches copies of any issued warning notices and forwards signed notices of violation to the appropriate DLA Energy regional office commander, SCP director, major command, or CCMD.
- (g) Maintains on file copies of issued notices of violation.
- (h) Reviews documented actions taken by all parties and the required actions from the issue of a notice of violation and, as required, mandates a minimum 90 day probationary period to review official records and current processes to determine any necessary remedial actions. A financial liability investigation of property loss may be required. The recommended courses of action may include but are not limited to:
 - 1. Providing subject matter experts to assist in resolution.
 - 2. Mandating the need for additional training to DFSP personnel with deficiencies or a lack of knowledge of primary duties.
 - 3. Revoke the appointment of the RO.
 - 4. Replacing the assigned accountant.
 - 5. Changing the level of support to the DFSP, as detailed in Paragraph 7.7., until the infraction is corrected.
 - 6. Changing the level of support permanently in accordance with Paragraph 7.10.b.(1)(p).
- (i) Reviews documentation from the DFSP regarding implementation and completion of corrective actions required by a notice of violation. DLA Energy:

1. Provides concurrence in writing to the DFSP's parent command or Military Department with a copy to the supporting DLA Energy regional office if the corrective actions are satisfactory. DLA Energy reserves the right, in all cases, to perform a follow-up site visit to validate compliance. The visit will focus on validation and ensuring plans or instructions are in place to ensure continued compliance.

2. Requests additional documentation or corrective actions as required if the documented actions are not satisfactory.

(j) Provides concurrence and signature or rejects pending notices of violation.

(k) Changes the level or type of or the loss of associated benefits for a DFSP that fails to address a notice of violation.

(l) In cases of continued noncompliance, and as a last resort, declares a facility ineligible for capitalization and returns ownership of and financial responsibility for the product to the DoD Component.

(m) Categorizes the facility as ineligible for capitalization and associated benefits until a new application is received that demonstrates previous deficiencies are fully corrected and are unlikely to recur. Reviews and considers information provided on the new application.

(n) Returns or transfers inventory to an appropriated fund activity when previous conditions to capitalize fuel inventories change, for example:

1. The mission of a previously capitalized DFSP substantively changes.

2. An activity consistently demonstrates poor stewardship of DWCF inventory.

3. An activity exhibits unwillingness to comply with DoD or DLA Energy guidance governing DWCF inventory management and accountability.

(o) Provides, through the supporting DLA Energy regional office, instructions to the DFSP for the transfer process.

(p) Decapitalizes a location after receiving direction and approval of the DLA Energy Director.

(2) The supporting DLA Energy regional office:

(a) Submits requests to DLA Energy for the issuance of a notice of violation to a DFSP when the conditions exist as described in Paragraph 7.6.b.

(b) Provides monthly metrics on notices of violation issued to DLA Energy.

(c) At the request of DLA Energy and in response to a request for issuance of a notice of violation, forwards additional actions required of the DFSP to the DFSP with a courtesy copy to the supporting SCP.

(3) The supporting SCP may appear in person or present documentation for consideration when DLA Energy is evaluating a decision regarding a notice of violation or other remedial action.

(4) The DFSP, following the issue of a notice of violation and upon satisfactory completion and implementation of the corrective actions, provides DLA Energy supporting documentation of the correction of noncompliance through their DoD Component.

SECTION 8: TRAINING

8.1. GENERAL. This section provides general procedures to DLA Energy, DLA Energy Field Activities, DFSP, other DoD Components, and contracted DFSPs, to ensure uniform DLA system of record training. This section further prescribes specific DFSP personnel training levels and provides information regarding availability of both formal training and field training courses.

8.2. MANDATORY DFSP TRAINING.

a. Personnel. DFSPs have a minimum of two trained accountants, one primary and one alternate, and two trained ROs, one primary and one alternate.

(1) Accountants:

(a) Attend the Base Level Defense Fuels Management Course.

(b) Complete the Fuels Manager Defense Version 8 computer-based refresher training annually.

(c) Attend the current formal Base Level Defense Fuels Management Course training course upon notification of substantial changes in the base level application.

(d) Complete the Fuels Manager Defense Version 8 CBT before attending the Base Level Defense Fuels Management course.

(2) Upon appointment, ROs, TMs, and PAs:

(a) Complete the RO, TM, or PA CBT course within 2 weeks of appointment.

(b) Attend the joint DLA system of record RO, PA, and TM Course within 120 days of appointment.

(c) Complete the RO computer-based refresher training at least bi-annually in order to remain current on DLA Energy and DoD policy and application changes.

(d) Complete security training:

1. Security awareness.

2. Antiterrorism Level I.

3. Basic operations security.

b. Training Allocations.

(1) The military SCPs, Air Force major command training managers and DLA Energy regional offices will submit base level course projections to DLA Energy-Business Process Support Directorate, Business Systems Sustainment, annually.

(2) Prospective students will apply through the Online Registration Tool located at: <https://www.fuelstraining.com/Portals/default/CBTS/Cbt?p=3&s=3>. Screening will occur so those that need the training the most receive it first. All applicants must either be filling the role of energy transaction processor and recorder, RO, PA, or TM, be scheduled for contingency operations that require the role, or are projected to assume the role within the next 3 months.

(3) DFSPs that require additional allocations must request approval from DLA Energy in coordination with the respective SCPs and Air Force major command training manager.

(4) Funding for contractors that require training is dependent upon the contract language. DLA Energy will fund training when required by contract after coordination with the appropriate KO or COR.

(5) DLA Energy will fund the cost to attend the course for all required active duty military and U.S. Government employees.

c. Regional and Focused Training. As requested by the SCP or DLA Energy regional office, DLA Energy schedules regional training for high turnover areas. DLA Energy develops focused training to satisfy identified requirements as necessary.

d. Teleconferences. DLA system of record professional enhancement teleconferences are another venue DLA Energy uses to provide reinforcement training to installation-level users. The topics presented are developed from feedback from users or by system data analysis.

e. CBT. DFSPs may complete DFSP Level CBTs to meet additional training requirements for DFSP personnel located at <https://east.esps.disa.mil/dod/dla/dlaenergy/SitePages/Home.aspx>.

f. Training Documentation. DFSPs maintain all training documentation in accordance with the disposition instructions contained in the file plan.

SECTION 9: SEGREGATION OF DUTIES

9.1. GENERAL. DFSPs segregate duties to:

- a. Provide internal management control and establish business practices that divide or segregate key duties and responsibilities among different people.
- b. Reduce risk of error or fraud and minimize potential for a single individual to affect DWCF inventory management accuracy and integrity.
- c. Assign separate roles and segregate duties for personnel used in bulk petroleum operations to perform key duties that support management controls for operations and financial reporting.
- d. Personnel assigned to each of these key duties must:
 - (1) Process or record DWCF inventory transactions.
 - (2) Operate or handle DWCF inventory.
 - (3) Approve DWCF inventory transactions.
- e. Non-key personnel will not perform any of the key duties without a waiver in accordance with the procedures in Section 10.
 - (1) DFSP Appointing authorities will make every effort to fill key positions when waivers are issued.
 - (2) When issued a waiver DFSPs will ensure the DWCF Inventory Operator/Handler and the RO and TM jointly (at least once per quarter at end of the month,) witness physical inventories being taken and both annotate “eyes on” review on the DD Form 2921.
- f. U.S. Government-owned and operated or contractor-operated DFSPs are exempt from requesting a waiver to this policy provided they have five or fewer full time employees. This exemption is predicated on the ability of the activity to implement and adhere to the following additional compensating procedures and controls:
 - (1) DFSPs advise the local appointing authority or COR in writing whenever gains or losses exceed acceptable limits. Any causative research and corrective actions taken to remedy excessive gains or losses will be recorded and filed with the daily paperwork.
 - (2) Two DFSP employees will perform independent transaction validation reviews before processing. A DD Form 2921 signed by the RO, PA or TM represents the second review if they have verified that the source documents in the daily document folder accurately reflect what was processed to the system of record.
 - (3) The RO or TM witnesses the physical inventories being taken during the end of month close out and annotate the “eyes on” review on the DD Form 2921.

9.2. SEGREGATION OF DUTIES WAIVER. DFSPs may submit a request to DLA Energy for a waiver to requirements for the segregation of duties using the guidance in Section 10.

9.3. SURVEILLANCE REQUIREMENTS. DLA Energy and the DLA Energy regional offices review the segregation of duties compliance as an inspection topic during site visits in accordance with Volume 11 of this manual.

a. The DLA Energy regional office:

(1) Annually verifies and confirms that each DFSP has an assigned DWCF inventory transaction approver and adjustment authority and a DWCF inventory transaction processor or recorder.

(2) Completes an annual data call in March by contacting DFSPs to verify and update names of personnel who perform each of the key duties.

(3) Validates the need for a waiver and exemption status.

b. DLA Energy and DLA Energy regional offices that complete site visits maintain files on segregation of duties compliance inspection findings.

c. DFSPs that require a waiver may be subject to additional site visits or audits.

9.4. GOVERNMENT FUEL CARD PROGRAM. DFSPs follow specific segregation of duties procedures related to administration of the Government Fuel Card Program in Volume 3 of this manual.

9.5. DLA PURCHASE SOURCE MEDIA. DFSPs follow specific segregation of duties procedures related to the encoding and distribution of DLA Purchase Source Media in Volume 10 of this manual.

SECTION 10: WAIVER OF POLICY PROCESS

10.1. GENERAL. This section prescribes procedures and format to request waivers or exceptions to this manual including all its volumes.

10.2. WAIVER OR EXCEPTION REQUESTS. The DFSP RO, TM, or PA submits a request for a waiver or exception to DLA Energy using the DLA Form 2020, "Request for DLA Energy Waiver/Exemption." A copy of the form may be obtained at <http://www2.dla.mil/officialForms/files1/DL2020.pdf>. The DFSP completes the DLA Energy Form 2020 with:

a. The specific issuance reference for the procedure that requires a waiver or exception (e.g., include the reference name, number, volume, section, and paragraph).

b. A detailed explanation of why a waiver or exception is required. States what work force, equipment, funding, or other constraints prevent compliance with specific requirements in this issuance or another applicable issuance. Provide photographs, drawings, diagrams, and other relevant material to support the request. If required by the SCP, include the dollar amount of any cost savings that would be realized if the waiver were to be approved.

c. A description of the planned corrective action and estimated completion date.

(1) Provide an explanation of corrective actions planned or in progress that will eliminate the waiver requirement. Include copies of relevant documents such as DD Form 1391, "FY___ Military Construction Project Data," and any requests for additional funding and personnel.

(2) Provide full description of actions taken to satisfy the intent of the policy implementation or procedural guidance before submitting a request for waiver or exception. In the instance of exception requests, the DFSP will state specific reasons why corrective actions cannot be taken.

d. The following requirements:

(1) The primary and alternate POC's name, grade, rank, or title.

(2) Commercial and defense switching network (DSN) phone number.

(3) Commercial and DSN copy number.

(4) E-mail and mailing address.

10.3. EXEMPTION REQUEST.

a. Locations that are unique by nature and can be viewed as an exception with no feasible means of compliance, presently or in the future, DFSPs may request DLA Energy publish an

exemption for them in DLA Energy procedures. Following the procedures stated in Paragraph 10.2., DFSPs may submit the DLA Form 2020 to DLA Energy through the CCMD or higher command and SCP.

b. The CCMD or major command will evaluate the individual DFSP's request and, if warranted, electronically sign in Block 7. It will also determine if any other DFSP within the command meets the same exception criteria and if so identify it on official memorandum requesting DLA Energy to publish an exception to policy for all DFSPs meeting those criteria. The DLA Form 2020 should be attached to the memorandum.

c. The SCP will evaluate the request for exemption and determine if further coordination with other major commands is warranted. The SCP will provide concurrence by an electronic signature in Block 8 of the DLA Form 2020 and furnish fully coordinated request memoranda to DLA Energy for approval.

d. DLA Energy will coordinate exemption requests internally and provide written response following the procedures in Paragraph 10.4.

10.4. SUBMISSION AND EVALUATION PROCEDURE.

a. GOGO and GOCO DFSPs forward waiver and exception requests to DLA Energy through the DoD Component major command, where applicable, and the appropriate SCP, DLA Energy regional office, and KO.

b. COCO DFSPs managed by DLA Energy forward all waiver or exception requests through the KO as specified in applicable contracts.

c. DWCF petroleum inventories managed by terms of international agreement, commercial terminal operating agreement, or commercial tender agreement request waivers or exception requests through DLA Energy.

d. DLA Energy:

(1) Provides written responses, either for approval or disapproval, to the requesting DFSP through the SCP. In the case of a DLA Energy-managed GOCO or COCO DFSP, the DLA Energy response, after proper coordination, is provided by the KO.

(2) Provides monthly updates to the SCP detailing status of the request. DLA Energy-managed COCO DFSPs are provided monthly updates through the KO.

e. The DFSP is not required to request waivers or exception when a DLA Energy Policy Implementation Guidance or Procedural Instruction has established a relevant waiver or exception for a specified site or group of sites to which the DFSP belongs.

10.5. UPDATES AND EXTENSIONS.

- a. DFSPs provide any factual changes concerning requested or approved waivers to DLA Energy through the SCP.
- b. DFSPs that request an extension to a waiver due to expire, attaches a copy of the original waiver with the expiration date and provide a detailed explanation of corrective actions taken to resolve the problem.
- c. Requests to extend an existing waiver should arrive in sufficient time, no less than 30 days, to permit issuing a new or updated waiver before the expiration date on an existing waiver.

SECTION 11: DFSP CLOSURE OR REALIGNMENT

11.1. GENERAL.

a. These procedures are applicable to all DoD Components and Participating Agencies that engage in closure, consolidation, or modification of DFSPs, whether the actions are requested or mandated. Installations that maintain capitalized inventories whose mission change will have an effect on the status are subject to the guidance in this section.

(1) If the request is coming from the Military Department then a decapitalization request must be submitted to DLA Energy-LI.

(2) If DLA Energy is requesting closure or decapitalization, the SCP will be notified, and before a decision can be made, both an economic analysis and an environmental analysis in accordance with the NEPA must be completed and used to inform the decision makers.

(3) DLA Energy, in coordination with the Military Department, will develop an economic analysis and an environmental analysis in accordance with the NEPA before making a decision to draw down inventory, place a facility in temporary closure status or to permanently close a facility.

b. DLA Energy coordinates with the Military Departments on final disposition of residual inventory, personal property, real property, and on financial responsibility for any necessary work including demolition.

c. DLA Energy's business units and DLA Energy regional offices coordinate with the installation, federal and other agencies, as appropriate, on any environmental cleanup and site remediation.

11.2. MEMORANDUM OF AGREEMENT (MOA).

a. DS-FE and the respective Military Department will develop a MOA between DLA and the Military Department, outlining closure responsibilities, changes to applicable financial codes in the real property records, and procedures for funding in the interim while the program objective memorandum cycle adjusts.

b. DS-FE and the Military Department will locate the existing real estate instruments and agreements (e.g., host tenant real estate agreements) and review for guidance and incorporation into the closure MOA as appropriate.

c. Case specific guidance regarding operations at decapitalized facilities that remain Service operated will also be included in the MOA.

11.3. INVENTORY DRAWDOWN. Once the decision is made to place a facility into temporary or permanent closure, or to decapitalize product, inventory drawdown may begin.

a. DLA Energy:

(1) Identifies alternative storage locations with sufficient capacity to absorb the pre-positioned war reserve stock, and make appropriate changes to the inventory management plan.

(2) Monitors daily through EBS the fuel inventory consumption to ensure planned inventory reductions are sufficient to minimize inventories by time of closure.

(3) Notifies supply and service contractors of decrease in demand or pending contract termination.

(4) Terminates contracts as appropriate.

b. DLA Energy regional office:

(1) Coordinates with appropriate offices regarding excess inventory redistribution or disposal, as required.

(2) Determines and agrees upon the quantity of fuel to transfer, depending on the quantity of excess inventory, from DLA Energy to the respective Military Department.

11.4. ADDITIONAL INFORMATION.

a. Records Maintenance and Handling Upon Closure.

(1) The DFSP:

(a) Boxes all annual, monthly, weekly, and daily data backups for shipment to the Federal Records Center (FRC) in accordance with Volume 2 of this manual.

(b) Separately boxes all product spill documents and coordinate shipment for permanent records storage at the FRC in accordance with Volume 2 of this manual.

(c) Provides a copy of the box list to the DLA Energy Headquarters Records Management Officer (RMO) and coordinate approval for shipment to the FRC.

(d) Provides a list to the DLA Energy RMO of all records stored at offsite locations to include:

1. Accession numbers.

2. Quantity of boxes.

3. Disposal dates.

4. Storage facility information.
5. POC information.
6. Billing or payment information.
7. Complete box inventory information.

(e) Indicates a primary and alternate POC on each assigned accession number for DLA Energy to contact in the event concerns arise regarding the records shipment.

(f) Disposes records on site that have met their disposal date, in accordance with the guidance contained in Volume 2 of this issuance.

(2) The DLA Energy RMO will be available at commercial phone (703) 767-9260, DSN 427-9260, or DESCRecords@dla.mil for DFSP questions and assistance.

(3) DLA Energy:

(a) Scans inactive DWCF inventory document records into electronic media upon request by the RO or TM before records are transferred to the FRC storage facility.

(b) Provide a copy of the box list to the DLA Energy RMO to create the Standard Form 135, "Records Transmittal and Receipt", assign accession numbers, and coordinate approval to ship to the FRC.

(c) Assigns each accession number a POC and an alternate POC should any issues arise regarding these records.

(4) Contractors will turn over, to DLA Energy, all DFSP documentation and records that are the property of DLA Energy as specified in applicable contracts.

b. Automated Equipment and Data Disposition Upon Closure.

(1) Upon closure notification, the DFSP contacts the DLA Energy help desk to initiate a trouble ticket to start an automation equipment salvage effort through the associated maintenance program and receive disposition instructions. Call or e-mail the DLA Energy help desk at 1-800-446-4950, DSN 697-6733, 697-6734, 697-6735, 697-6736, or via e-mail at dlaenergyhelpdesk@dla.mil.

(2) Tactical DFSPs:

(a) Ship the DLA Energy FMD data server hard drive and backup data disks to DLA Energy.

(b) Contact the local installation transportation management office or equivalent for shipment. Manually account for remaining business processes when shipping the computer hard drive.

- (c) Contact DLA Energy for shipping address.
- (3) Each DFSP creates a detailed packing list of equipment and packs the list inside the shipping box or carton with:
- (a) The name, grade, home station address, and unit designation of the RO or PA at the DFSP.
 - (b) A hardware list including the item description and serial number of the equipment being shipped.
 - (c) The name, grade, and DFSP of the supervisor and technicians responsible for loading or processing fuel transactions.
- (4) DFSPs annotate a copy of the packing list with the transportation control number assigned for tracking purposes. DFSPs will fax or e-mail the packing list to the appropriate DLA Energy regional office.
- (5) The DLA Energy regional office faxes or e-mails copies to DLA Energy.
 - (6) DLA Energy:
 - (a) Receives and inspects equipment.
 - (b) Initiates required steps to have user access deleted or access to that SE DoDAAC terminated.
- (7) In the event the DFSP is to continue its mission as a non-capitalized site and requests use of the DLA system of record computer equipment, the DFSP:
- (a) Completes and submits a DD Form 1149C, "Requisition and Invoice/Shipping Document (Continuation Sheet)," when business as a non-capitalized site continues, and use of DLA Energy computer equipment is requested.
 - (b) Records all hardware and serial numbers on the DD Form 1149C and identify DLA as the shipper and the DFSP as the receiver.
 - (c) Forwards signed copies of the form to DLA to complete the equipment custody transfer and enable equipment removal from the DLA property inventory. (Contact DLA Energy Records Management Office, commercial 703-767-9260, DSN 427-9260, or DESCRecords@dla.mil for shipping instructions.) This allows DLA to remove the equipment from their property inventory.
 - (d) Provides the shipping address at the time of closure or decapitalization.

11.5. AFLOAT PRE-POSITIONING FORCE DECOMMISSIONING. The Afloat Pre-positioning Force ship master or designee:

- a. Provides DLA Energy with a written request to close all DLA Energy-managed DWCF accounts before ship decommissioning.
- b. Coordinates with DLA Energy before decommissioning and properly closes out all affected ship accounts in accordance with Volume 11 of this manual.
- c. Ensures the disposition of all DWCF accounts is coordinated with DLA Energy before decommissioning for return to a shore DFSP. The disposition of DWCF accounts includes posting accountable records and developing appropriate documentation in accordance with Volume 11 of this manual.
- d. Returns all equipment, accounting source documentation, and electronic data storage devices to DLA Energy in accordance with this manual and applicable interim guidance.

GLOSSARY

G.1. ACRONYMS.

ADC	automated data capture
AO	accountable officer
API	American Petroleum Institute
ASD(L&MR)	Assistant Secretary of Defense for Logistics and Materiel Readiness
ATG	automatic tank gauge
CBT	computer based training
CCMD	Combatant Command
COCO	contractor-owned and contractor-operated
COR	contracting officer representative
DFSP	defense fuel support point
DLA	Defense Logistics Agency
DLA Energy-LI	Defense Logistics Agency Energy Inventory Accountability Branch
DLA DS-FE	Defense Logistics Agency Installation Support for Energy Division
DoDD	DoD Directive
DoDI	DoD Instruction
DSN	Defense Switched Network
DWCF	Defense Working Capital Fund
EBS	Enterprise Business System
FGS	Final Governing Standards
FMD	Fuels Manager® Defense
FRC	Federal Records Center
GOCO	government-owned and contractor-operated
GOCO (D)	government-owned contractor-operated defense fuel support point operated by Defense Logistics Agency contract
GOCO (S)	government-owned contractor-operated defense fuel support point operated by Military Service contract
GOGO	government-owned and government-operated
JPO	joint petroleum office
KO	contracting officer

MIL-STD	military standard
MOA	memorandum of agreement
NEPA	National Environmental Policy Act
PA	property administrator
POC	point of contact
POL	petroleum, oil, and lubricants
QA	quality assurance
QR	quality representative
QS	quality surveillance
RMO	records management officer
RO	responsible officer
RPI	real property information
SAV	staff assistance visits
SCP	service control point
SE DoDAAC	Defense Logistics Agency assigned designation of a Defense Logistics Agency Industrial Plant Equipment DoD activity address code
S/RM	sustainment, restoration, and modernization
TASO	terminal area security officer
TM	terminal manager
UFC	Unified Facilities Criteria

G.2. DEFINITIONS. These terms and their definitions are for the purpose of this issuance and will serve as standard terminology for DoD supply chain materiel management of energy commodities and services.

accountability. Defined in DoD Manual 4140.01, Volume 1.

AO. A U.S. Government employee (military or civilian) so appointed by proper authority to maintain item or financial records of U.S. Government property; such person may or may not have possession of the property. See also RO.

aviation into-plane reimbursement card®. A commercial credit card used to purchase fuel, fuel related products, ground services, and tracks fuel consumption and payments.

capitalization. The process whereby the DLA division of the DWCF assumes management responsibility and ownership (title) for inventories financed from other DoD appropriations or funds, without reimbursement except as stipulated in UFC 3-460-01. Fuel that is capitalized is owned by the DWCF while in storage tanks, servicing vehicles, and ships until the point of sale.

Capitalization Merit Review Committee. DLA Energy committee chartered to evaluate requests from DoD organizations for the capitalization of Military Department and other DoD owned petroleum products into DWCF inventory. Members representing environmental, finance, safety, security, facilities, and inventory accountability evaluate the merit of submitted nomination packages. The committee then provides recommendations to the DLA Energy Director of Supplier Operations to facilitate informed decisions on the capitalization requests.

CCMD. A specified command with a broad continuing mission under a single commander established and so designated by the President through the Secretary of Defense and with the advice and assistance of the Chairman of the Joint Chiefs of Staff. CCMDs typically have geographic or functional responsibilities.

COCO. Fuels infrastructure owned and operated by a contractor who provides storage and distribution services under contract with the U.S. Government.

continental United States. The States, less Alaska and Hawaii, but including the District of Columbia.

COR. An individual designated and authorized in writing by the KO to monitor specific aspects of the contract and initiate action as authorized in the letter of appointment. The KO establishes the COR responsibilities and limitations.

DFSP. A capitalized bulk fuel storage facility that receives, stores, and issues DWCF-owned product.

DLA system of record. An integrated database system using open systems architecture design, which comprises the system of record to report and manage the DoD energy business. It spans the entire energy business from requirements determination to inventory, point of sale, vendor payment, and customer billing for all energy commodities.

DLA Energy. Organizational component of the DLA. The integrated materiel manager and DoD central procurement agent for energy commodities (i.e., petroleum, natural gas, coal, missile fuel) and related services. DLA Energy owns and manages energy commodities in the DoD to the point of sale (end-user).

DLA Energy field office. Subsidiary of a DLA Energy regional office and its responsibilities are often similar to those of the DLA Energy regional office. DLA Energy field offices are located in the United States, Europe, and the Pacific, and they provide a liaison between DLA Energy regional offices and Subarea petroleum offices.

DLA Energy regional office. Management component of DLA Energy with a geographic area of responsibility to monitor DLA Energy contracts to ensure adequate customer support; control fuel deliveries; perform contract administration functions such as property administration and quality surveillance; provide and coordinate transportation support and emergency planning; and report inventory or supply transactions.

DWCF. A DoD revolving fund that finances the buying and selling of goods and services. It also provides cost visibility and accountability to facilitate business operations. DLA inventories

are sold to end-user operational accounts (military units and federal agencies) that reimburse the DLA Division - DWCF for costs incurred.

exception. A request to deviate indefinitely from this manual.

floating stock. Vessels used as DFSPs that are contracted ocean going tankers, U.S. Navy, and Military Sealift Command vessels.

free on board destination. The seller or person sending the shipment delivers the supplies on the seller's or consignor's conveyance to a specified delivery point. In this case, unless the contract provides otherwise, the cost of shipping and the risk of loss are borne by the seller or consignor. Shipper provides transportation. Product is normally accepted at destination by the U.S. Government.

gauging. The process of measuring the height of a liquid held within a container (usually a storage tank). This is usually done by an ATG, but can also be performed manually by using a calibrated steel tape and weight.

GOCO. Fuels infrastructure owned by the U.S. Government and operated by a contractor. These facilities may be permitted to and funded by DLA Energy or a DoD Component.

GOGO. Fuels infrastructure owned by the U.S. Government and operated by U.S. Government employees or Service members funded by the installation.

GOGO foreign government or GOCO foreign government. Overseas petroleum storage and distribution services provided for U.S. Government use through government-to-government support agreements, generally documented in a memorandum of understanding or MOA. Foreign government DFSPs are owned and operated by foreign governments; owned by foreign governments and operated by contractors; or owned and operated by contractors; or owned and maintained by a foreign government and operated by U.S. Government personnel.

inventory management plan for petroleum product. A DoD integrated plan of bulk fuel inventory levels and storage requirements designed to utilize DoD resources more efficiently and provide financial management data.

integrated materiel management. A logistic concept wherein a single DoD Component has total management responsibility for supplying a specific product or group of related items to the DoD Components.

intermediate storage. Product stored for subsequent issue to multiple end customers. A DFSP can be an intermediate storage point.

international agreement. Defined in DoDD 5530.3.

JPO. CCMD staff function responsible for all aspects of petroleum logistics within the cognizance of the Combatant Commander. Responsibilities include management of petroleum products, including war reserves, peacetime operating stocks, distribution of product, quality control, facilities management, and the development of contingency plans.

memorandum of understanding. Document with the general areas of understanding between two or more parties and explain what each party plans to do; however, what each party does is not dependent on what the other party does (e.g., does not require reimbursement or other support from receiver).

military construction. Defined in Section 2801(a) of Title 10, United States Code.

modernization. Alteration of facilities performed solely to implement new or higher standards, to accommodate new functions, or to replace building components that typically last more than 50 years.

MOA. A document where there are general areas of conditional agreements between two or more parties. Basically, the performance by one party is dependent on the performance of the other party (e.g., one party agrees to provide support if the other party provides the materials or reimbursement).

multiple operation. Combination of more than one type of DFSP, e.g. GOGO, GOCO (S), GOCO (D).

negotiation. Communication by any means of a position or an offer, on behalf of DLA Energy, to an agent or representative of a foreign government or an international organization, in such detail that the acceptance in substance of such position or offer would result in an international agreement. Negotiation also includes any such communication conditioned on later approval by higher authority.

nomination package. Documentation compiled and submitted to DLA Energy when a DoD Component requests a fuel storage facility be considered for capitalization.

non-recoverable tank bottoms. When a mixture of fuel, sludge, or rust remains in a tank which cannot be recovered as usable fuel is known a non-recoverable tank bottom.

notice of violation. A DLA Energy formal, written notification of significant noncompliance issued to a DFSP for a failure to adhere to DoD and DLA policy. It details the specific violation(s) and potential consequences for failure to comply with established policy or contract provisions.

outside the continental United States. The States of Alaska and Hawaii, the Commonwealths of Puerto Rico and the Northern Mariana Islands, American Samoa, Guan, Midway and Wake Islands, the U.S. Virgin Islands, any other territory or possession of the United States, and all locations outside the United States..

off-specification. Petroleum products that fail to meet requirements of the applicable specification.

PA. An authorized representative of a KO appointed or assigned to administer contract requirements and obligations relating to U.S. Government property.

parent command. The organization responsible with the administrative oversight of facilities on a geographic or mission specific basis.

Participating Agencies. Non-DoD Federal Government agencies that participate in the DoD supply chain management of energy commodities, but only when and to the extent they adopt the conditions, terms, and requirements of this manual.

point of custody. The physical point the U.S. Government measures and accepts the property.

point of sale. When title (ownership) of stocks transfer from DLA to the DoD Component or Participating Agency.

POL. All petroleum products used by the DoD Components and Participating Agencies.

petroleum war reserve requirement. Fuel inventory level required, in support of the Secretary of Defense planning guidance, which is positioned at or near the point of planned use, before hostilities. It is designed to reduce reaction time and to ensure adequate support of military forces during the early stages of war until stocks can be replenished.

pre-positioned war reserve stock. Fuel held by a DFSP to support war reserve requirements.

quality assurance. The combination of all actions necessary to ensure that the proper requirements are established in a contract, and that the products and services provided by the contractor conform to those requirements.

QR. A U.S. Government individual, military or civilian, who possesses sufficient knowledge of QA or QS processes to verify that fuel quality-related procedures, conditions of U.S. Government fuel facilities, and fuel-related equipment are in compliance with MIL-STDs, DoD policy and procedures. These QRs may also accept product on behalf of the United States Government.

quality surveillance. The aggregate of measures used to determine and maintain the quality of U.S. Government-owned products throughout the supply chain, to ensure such products are suitable for their intended use.

recoverable tank bottoms. The fuel that is in useable condition below the suction manifold or draw-off line of a storage tank, which is not available during normal operations, but can be recovered with bottom suction lines or portable pumps and hoses.

requirements determination. A function used to compute fuel needed in support of military operations.

responsibility. The obligation for the proper custody, care, and safekeeping of property or funds entrusted to the possession or supervision of a person. See also accountability.

restoration. Repair and replacement work to restore facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident, or other causes.

RO. An individual directly responsible for all government property and oversees all aspects of the DFSP operation, must be a U.S. citizen and government employee, either military or civilian, and must be duly appointed by proper authority to provide diligent care, custody, and protection of government property at U.S. Government operated DFSPs. See Paragraph 3.3.c. for additional information.

rolling stock. Both DoD or commercial mobile fuel servicing and intransient (transfer) vehicles.

sale. DLA-owned product issued to the DoD Component or Participating Agency from a DFSP or direct from a refinery or supplier's facility that result in DLA Energy billing.

SCP. Control point established by each of the Military Departments. SCPs serve as the central management function in coordinating requirements, technical issues, and supply actions with military units and DLA Energy.

SE DoDAAC. A DLA assigned distinct six-position alphanumeric code assigned to identify a Service, federal, and contractor unit or organization. The "S" denotes "DLA" and "E" denotes "industrial plant equipment."

single operation. One type of DFSP, either GOGO, GOCO (S), or GOCO (D), on one installation with one SE DoDAAC.

strapping chart. Chart used to reflect the quantity of a product at any given level in a tank or container. The quantity associated with each level may be determined by liquid calibration or calculations using the dimensions of the tank or container.

subarea petroleum office. Regional components supporting a JPO and usually responsible for regional JPO functions, coordinating facility projects, inventory or supply reports, slating and transportation requirements between DLA Energy, Military Sealift Command, and the Military Services. Subareas Petroleum Offices are located overseas.

sustainment. Maintenance and repair performed to ensure good working condition including inspections, regularly scheduled maintenance, major repairs, and facility component replacement.

tactical fuel location. A DoD bulk storage point that is not permanent where fuel is typically stored in temporary containers such as petroleum bags or bladders.

tank car. Rail car specifically designed to transport petroleum products.

tank truck. A fuel delivery truck on which a meter is not normally 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).

terminal manager. An individual who is directly responsible and accountable for all U.S. Government property in accordance with contract requirements and oversees all aspects of the DFSP operation. The TM established and maintains a property control system to control,

protect, preserve, and maintain government property at contractor operated DFSPs. See Paragraph 3.3.d. for additional information.

waiver. A request to temporarily deviate from procedures prescribed in this manual or DLA Energy interim procedural guidance.

water bottoms. Fresh or salt water that has settled to the bottom of a tank or container because the density of water is greater than that of fuel. Water bottoms result primarily from the settling of fuel receipts and condensation, but may also result from leaks in a tank or container or by the unintended introduction of water by other means. Removal of water bottoms is essential to the prevention of microbiological growth, the depletion of water soluble additives (i.e. FSII), corrosion in fuel systems, the freezing of fuel lines and other engine performance problems.

REFERENCES

- Code of Federal Regulations, Title 49
- Deputy Secretary of Defense Memorandum, “Establishment of the Office of the Under Secretary of Defense for Research and Engineering and the Office of the Under Secretary of Defense for Acquisition and Sustainment,” July 13, 2018
- DoD 7000.14-R, “Department of Defense Financial Management Regulations,” dates vary by volume
- DoD Directive 5134.12, “Assistant Secretary of Defense for Logistics and Materiel Readiness (ASD(L&MR)),” May 25, 2000, as amended
- DoD Directive 5400.11, “DoD Privacy Program”, October 29, 2014
- DoD Directive 5530.3, “International Agreements,” June 11, 1987, as amended
- DoD Instruction 4140.25, “DoD Management Policy for Energy Commodities and Related Services,” June 25, 2015, as amended
- DoD Instruction 4715.08, “Remediation of Environmental Contamination Outside the United States,” November 1, 2013, as amended
- DoD Instruction 8500.01, “Cybersecurity,” March 14, 2014
- DoD Manual 4140.01, Volume 1, “DoD Supply Chain Materiel Management Procedures: Operational Requirements,” February 10, 2014, as amended
- DoD Manual 8910.01, Volume 1, “DoD Information Collections Manual: Procedures for DoD Internal Information Collections,” June 30, 2014, as amended
- Executive Order 12114, “Environmental Effects Abroad of Major Federal Actions,” January 4, 1979
- Military Standard 3004, “Quality Assurance/Surveillance for Fuels, Lubricants, and Related Products,” current edition
- The American Petroleum Institute, “Manual of Petroleum Measurement Standards (MPMS),” August 1, 2005
- Unified Facilities Criteria 3-460-01, “Design: Petroleum Fuel Facilities,” August 16, 2010
- Unified Facilities Criteria 3-460-03, “Operation and Maintenance: Maintenance of Petroleum Systems,” January 21, 2003
- United States Code, Title 10