



DEPARTMENT OF THE ARMY
UNITED STATES ARMY TANK-AUTOMOTIVE AND ARMAMENTS COMMAND
US ARMY PETROLEUM CENTER
NEW CUMBERLAND, PA 17070-5008

REPLY TO
ATTENTION OF

AMSTA-LC-CJP

17 February 2004

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Capitalization of Army Fuel: Accountability, Quality Surveillance and Facility Management

1. This memo is to remind installation fuel facility managers and Directorate of Public Works (DPW) personnel what capitalized fuel status means to a capitalized fuel site. While the fuel is owned by the Defense Energy Support Center (DESC) and the location has technically become a Defense Fuel Supply Point (DFSP), the fuel point remains Army real property and under Army operation. There may be an exception where a DESC contractor is operating the fuel point. If the inventory DODAAC begins with "W", it remains an Army operation; if it begins with a "UY", it is under DESC contract. Normally, at a capitalized site, all fuels have been capitalized, but there may be some exceptions where there are small tanks or where some fuel was not capitalized for site-specific reasons.
2. The simple accountability rules are: If the fuel is Army-owned, Army directives (e.g., A 710-2 and DA Pam 710-2-1) apply; if the fuel is DESC-owned, DESC directives (e.g., DOD 4140.25M and FAS Base Level Users' Guide) apply. You will see differences between the directives such as the respective allowable loss percentages for reporting of product inventory. There also are differences in record keeping requirements. This means when inspection teams review your operation, they should use the applicable directives based on your capitalization status. You should not be held to Army inventory standards if you manage DESC-owned fuel. If you experience a problem of that type, please contact Phil Richards at USAPC, DSN 771-7040 or 717 770-7040.
3. Quality surveillance procedures do not change under capitalization. Product stored at Army facilities will follow Army quality surveillance guidelines regardless of product ownership. Questions regarding quality surveillance may be directed to Gary Smith at USAPC, DSN 771-6511 or 717-770-6511.
4. When capitalized fuel is stored and issued at an Army fuel facility, DESC is responsible for funding the Sustainment, Restoration/Modernization (S/RM) costs to maintain the facility in operating condition. This is done through the Maintenance, Repair and Environmental (MR&E) program. Installations/Activities that have been

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capitalized or are scheduled for capitalization are required to program S/RM costs/requirements through your appropriate command channels to the APC. You must respond to the annual data call for project submission to receive funding.

Installations/Activities should submit MR&E requirements by establishing a User ID on the Defense Fuels Web - the automated MR&E database for managing this program.

The Defense Fuels Web allows you to enter all project information in an automated DD1391 format. The website for Defense Fuels Web is:

<https://fuelsweb.desc.dla.mil/index2.asp>

5. Military Construction (MILCON) funding for capitalized fuel sites is appropriated through DLA, the higher headquarters for DESC. Installations/Activities that have a MILCON requirement for a fuel operation must respond to the annual data call for Fuels MILCON. The Fuels MILCON requirement must be submitted to APC via your appropriate command channels. APC is the Army representative on the DESC Installation Planning and Review Board that convenes annually to review and rank Fuels MILCON requirements for all the Services.

6. Installations/Activities that have been capitalized or scheduled for capitalization are eligible for Total Fuel Facility Assessments (TFFA) performed jointly by APC and DESC. TFFA evaluates current operations and infrastructure to determine the optimal fuel support for a sustaining base operation. Recommendations to convert a fuel facility to a Government-Owned, Contractor-Operated (GOCO) or Contractor-Owned, Contractor-Operated (COCO) function will result in a DESC funded service contract to provide fuel support for the site. Installations/Activities may request TFFA by memo or e-mail through appropriate command channels to APC. Before undertaking any major modification to an Army fuel facility, recommend you contact Dave Corbin, at DSN 427-0649 or 703 767-0649.

7. A complete list of APC points of contact is attached. Additional information is available on the APC web page at <http://usapc.army.mil>.

Attachment



MELVIN R. FRAZIER
Colonel, QM
Director

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