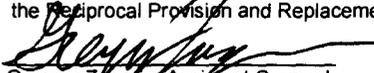


MEMORANDUM OF UNDERSTANDING
BETWEEN
THE DEPARTMENT OF DEFENSE OF THE UNITED STATES OF AMERICA
AS REPRESENTED BY
THE DEFENSE ENERGY SUPPORT CENTER
AND
THE MINISTRY OF DEFENCE OF THE UNITED KINGDOM
OF GREAT BRITAIN AND NORTHERN IRELAND
AS REPRESENTED BY
THE DEFENCE FUELS GROUP
CONCERNING
THE RECIPROCAL PROVISION AND REPLACEMENT OR REMIBURSEMENT
OF AVIATION FUEL
AT MILITARY INSTALLATIONS WORLDWIDE

I certify that this is a true and complete copy of the Memorandum of Understanding Between the Department of Defense of the United States of America, as Represented by the Defense Energy Support Center, and the Ministry of Defence of the United Kingdom of Great Britain and Northern Ireland, as Represented by the Defence Fuels Group, Concerning the Reciprocal Provision and Replacement or Reimbursement of Aviation Fuel at Military Installations Worldwide.


Gregory Zagorin, Assistant Counsel
Defense Energy Support Center
August 16, 2007

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INTRODUCTION

The Department of Defense of the United States of America (U.S. DoD), as represented by the Defense Energy Support Center (DESC), and the Ministry of Defence of the United Kingdom of Great Britain and Northern Ireland (U.K. MOD), as represented by the Defence Fuels Group (DFG), hereinafter referred to as the "Participants":

Recognizing The North Atlantic Treaty, signed in Washington, D.C. on April 4, 1949; and

Recognizing the Agreement Between the Parties to the North Atlantic Treaty Regarding the Status of Forces (NATO SOFA), dated 19 June 1951; and

Recognizing the Exchange of Notes Between the United Kingdom of Great Britain and Northern Ireland and the United States of America concerning Defense Cooperation Arrangements, dated May 27, 1993 (Chapeau Agreement); and

Recognizing the Memorandum of Understanding (USA-GBR-02) Between the Department of Defense of the United States of America and the Ministry of Defence of the United Kingdom of Great Britain and Northern Ireland Concerning Acquisition and Cross-Servicing Arrangements, dated 8 January 2007; and

Recognizing that the Participants desire to continue the relationship established in the agreements and arrangements above by expanding the reciprocal provisioning of aviation fuel worldwide;

Have reached the following understandings.

SECTION I. PURPOSE, SCOPE AND APPLICABILITY

1.1. Purpose.

1.1.1. The purpose of this Memorandum of Understanding (MOU) is to establish an understanding whereby the Participants intend to exchange aviation fuel (NATO Codes F-34, F-35 and F-44 (at U.S. Navy and Royal Navy locations where available)) and to delineate the processes for recording sales, and reconciliation and settlement of accounts.

1.1.2. A further purpose of this MOU is to allow for the settlement of balances owed between and amongst the Participants and Third Parties when jointly decided by the Participants.

1.2. Scope and Applicability.

1.2.1. The scope of this MOU includes the provisioning of aviation fuels issued to either Participant, into aircraft (ground and air-to-air), equipment, vehicles or bulk refueling units at U.S. DoD installations or UK MoD installations worldwide where prior access has been granted.

1.2.2. This MOU is applicable to the supply of aviation fuel, which is necessary to meet the requirements of the Participants during peacetime, wartime, contingency operations,

peacekeeping operations, humanitarian missions and other emergency conditions.

1.2.3. The Participants intend to provide aviation fuel for use by aircraft, ground support equipment and vehicles that the military forces of the Participants grant permission to land at, or operate from, their respective installations, or aerial refueling, worldwide. Bulk exchanges may also occur at jointly accepted facilities as determined by the Participants. The provision of aviation fuel to the following is authorized:

1.2.3.1. For the U.S. DoD. Military aircraft, civilian aircraft under military contract, and any other aircraft, vehicles or equipment designated by DESC.

1.2.3.2. For the UK MOD. Military aircraft, civilian aircraft under military contract, and any other aircraft, vehicles or equipment designated by the DFG.

SECTION II. RELATIONSHIPS

2.1. U.S. DoD.

2.1.1. DESC is the administrator and funding agent for this MOU.

2.1.2. DESC-Europe (DESC-EU) is the point of contact for administration of this MOU.

2.1.3. DESC-United Kingdom (DESC-EU-UK) is the manager of DESC day-to-day operations for this MOU and the direct liaison with the DFG.

2.1.4. DESC-Retail Management (San Antonio) is the DESC office responsible for the reconciliation and settlement of accounts for this MOU.

2.2. UK MOD.

2.2.1. DFG is the administrator for this MOU and is responsible for the UK day-to-day management for this MOU.

2.2.2. RAF Air Command is the UK funding agent for this MOU.

2.2.3. DFG is responsible for the reconciliation and, through RAF Air Command, will settle accounts related to this MOU.

SECTION III. RESPONSIBILITIES

3.1. The Participants will:

3.1.1. Provide aviation fuel to aircraft, equipment and vehicles detailed in section 1.2.3 of this MOU in accordance with the detailed instructions at Annex A. Product supplied to either Participant will conform to the specifications of the supplying Participant (see Annex F).

3.1.2. Provide the other Participant with a monthly sales report; an electronic spreadsheet file depicting individual sales accumulated from the previous reporting period. Detailed procedures are at Annex B.

3.1.3. Reconcile and settle accounts quarterly or more frequently if required. Exceptionally, the Participants may jointly decide to reconcile Participant balances against balances owed to/by a Third-Party.

3.1.4. Participants will meet face-to-face at least twice annually.

3.1.5. Offset fuel balances owed to either Participant to the extent possible leaving a net balance payable to one Participant either in kind (see Annex C) or through monetary terms (see Annex D).

3.1.6. Pay outstanding balances in fuel within ninety (90) days or arrange monetary settlement within thirty (30) days of account reconciliation.

3.1.7. Comply with the detailed instructions contained in the annexes to this MOU.

SECTION IV. OPERATION

4.1. The Annexes to this MOU provide the detailed instructions for each operation to which this MOU applies.

4.2. The Participants will meet annually to review MOU operations for potential improvement.

4.3. The Participants will exchange letters regarding minor technical and administrative changes to the Annexes without formal amendment to the MOU. These changes include providing updated point-of-contact listings (see Annex E) when necessary. Formal Amendment procedures are detailed at Section V., Paragraph 5.4.

4.4. The Participants will use quantity determination and conversion factors as identified in Annex G.

SECTION V. GENERAL PROVISIONS

5.1 For all activities of the Participants under this MOU occurring within the territorial jurisdiction of either Participant under this MOU, the Participant will respect the laws of that Participant and will comply with the terms of the NATO SOFA of 1951. All activities of the Participants under this MOU will be carried out in accordance with their national laws.

5.2. The Participants waive all claims against each other for personal injury to, or death of, their military or civilian personnel, or for the damage to, loss, or destruction of property owned by either Participant arising out of the activities covered by this MOU. The Participants do not waive contractual claims arising out of or related to this MOU. Third party claims arising from activities occurring within the territorial jurisdiction of either Participant and covered by this MOU will be dealt with in accordance with the laws of that Participant.

5.3. Customs and Taxation. DESC will not be charged or assessed any UK taxes or duties, and the DFG will not be charged or assessed any U.S. taxes or duties under this MOU in accordance with Article XI, paragraph 11 of the NATO SOFA; Section VI of the Memorandum of Understanding (USA-GBR-02) Between the Department of Defense of the United States of America and the Ministry of Defence of the United Kingdom of Great Britain and Northern Ireland Concerning Acquisition and Cross-Servicing Arrangements, dated 8 January 2007 and any other applicable law, agreement or arrangement.

5.4. Amendment. This MOU may only be amended by written understanding between the Participants. Amendments may be proposed by either Participant at any time and will, upon written acceptance by both Participants, become a permanent part of this MOU.

5.5. Termination. This MOU may be terminated at any time upon the mutual written consent of the Participants. Either Participant may unilaterally terminate the MOU by giving to the other Participant ninety (90) days written notice of intent to terminate. The Participants understand that there will be a final reconciliation meeting to be held within 90 days of the receipt of the termination of notice. The Participants at that meeting will arrive at a jointly determined reconciliation and account closure plan in terms of either product replacement, or cash transfer in accordance with the MOU.

5.6. Financial Commitment. This MOU does not in itself obligate funds. However, the Participants will honor all financial commitments specified in this MOU through a separate funding certification subject to the availability of funds. The Participants will use their best efforts to budget for and seek to have such funds available to honor all commitments under this MOU.

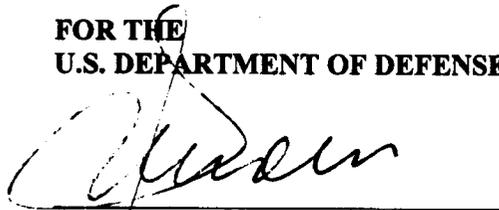
5.7. Disputes. Any disputes regarding the interpretation or application of this MOU, or transactions executed hereunder, will be resolved through consultation between the Participants and will not be referred to any national or international tribunal or third party for settlement.

5.8. Effective Date and Duration. This MOU will enter into effect upon the signature of both Participants and will remain in effect for a period of five (5) years. This MOU will automatically renew at the end of the five (5) year period for additional five (5) year periods unless objected to by either Participant in writing at least ninety (90) days before the end of each five (5) year period.

This MOU consists of five (5) Sections and seven (7) Annexes.

In witness thereof, the undersigned, being duly authorized by their governments, have signed this MOU.

**FOR THE
U.S. DEPARTMENT OF DEFENSE**

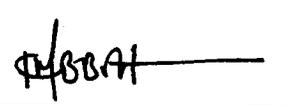


MAYNARD J. SANDERS
Director
Defense Energy Support Center

BAUG 07
DATE SIGNED

DESC HOSTS, FT BELVOIR
PLACE OF SIGNATURE VA

**FOR THE
UK MINISTRY OF DEFENCE**



I W ABBOTT, Brigadier
Director
Defence Fuels Group

4th July 2007
DATE SIGNED

Westmoms.
PLACE OF SIGNATURE

ANNEX A

TO US UK FEA AVIATION MOU OF JUNE 2007

ISSUE TO AIRCRAFT, VEHICLES AND EQUIPMENT

A.1. The Participants intend that aviation fuel issued to aircraft or direct ground support equipment will be documented on the standard forms of the Participant providing the fuel in accordance with NATO STANAG 3113. All supporting documents will be maintained at the issuing unit. No supporting documents will be provided with the monthly reconciliation spreadsheet. Aviation fuel issues recorded on standard forms require the following information:

- A.1.1. Receiving Participant's printed name.
- A.1.2. Receiving Participant's signature.
- A.1.3. Receiving Participant's rank.
- A.1.4. Receiving Participant's organization and location (company name for contract aircraft).
- A.1.5. Date of Issue.
- A.1.6. Place of Issue.
- A.1.7. Aircraft, Vehicle, Equipment type and serial number/tail number.
- A.1.8. Quantity of Issue (U.S. Gallons or litres).
- A.1.9. Type of Fuel.
- A.1.10. Receiving Participant's Department of Defense Account Activity Code (DODAAC) (US only) and Unit Identification Number (UIN)(UK only).

A.2. Use of DOD Fuel Identaplates is required for aircraft aviation fuel purchases. The Participants will ensure that all necessary arrangements are in place to facilitate the use of identaplates, which are the preferred method of recording issues of fuel against this MOU. Lack of an identaplate will not prevent the uplift of fuel, but information in paragraph A.1.1. through A.1.10. will be documented for the transaction to be accepted for reconciliation.

A.3. Air-to-Air Refueling. It is understood, that air-to-air refueling, by its nature, may not always adhere to accounting requirements of STANAG 3113. Therefore, for air-to-air refueling the best available data will be obtained via aircrews. The minimum required information is as follows:

- A.3.1. Mission ID/Call Sign, place, date and time.
- A.3.2. Aircraft Tail Number.
- A.3.3. Type and Quantity of fuel (including unit of measure).

A.4. To account for fuel issued during Air-to-Air Refueling for classified missions, radio silence, and night-time operations, the Participants will use the Air Tasking Order.

ANNEX B

TO US UK FEA AVIATION MOU OF JUNE 2007

RECONCILIATION

B.1. Monthly Transactions.

B.1.1. On a monthly basis the Participants will develop spreadsheets, which will detail the information on transaction documents (U.S. DoD - DD Form 1898, revised/ U.K. MOD- U.K. Form S7467 or their replacements) and the Air-to-Air refueling documents. The spreadsheets will contain the following information:

B.1.1.1. Customer DODAAC/ Bulk Fuel Inventory System (BFIS) Customer Number.

B.1.1.2. Customer UIN (UK only).

B.1.1.3. Transaction date.

B.1.1.4. Location of fuel uplift.

B.1.1.5. Grade of fuel.

B.1.1.6. Quantity of fuel (including unit of measure).

B.1.1.7. Bill number.

B.1.1.8. Aircraft tail number or vehicle / equipment identification / serial / license plate number.

B.1.1.9. Aircraft call sign (For air-to-air refueling or when the tail number is not supplied).

B.1.2. The Participants will exchange the electronic summary spreadsheets each month for all transactions that occurred in the previous month. Supporting issue documents will be provided upon request.

B.2. Account Reconciliation.

B.2.1. The Participants will meet quarterly, or more frequently if necessary to reconcile transactions and determine account balances. Reconciliation meetings will be held at a location mutually determined by the Participants. The Participants will also determine at these meetings how reimbursement of any balance will be processed.

B.2.2. After a gallon-for-gallon offset, the Participants intend that balances of less than five (5) million U.S. gallons (18,927,063 litres) may be carried forward to the next reconciliation meeting, with the consent of the Participant owed. Balances of five (5) million U.S. gallons (18,927,063 litres) or greater will be repaid in kind (Annex C) or by monetary equivalent (Annex D) in accordance with this MOU.

B.2.3. Reconciliation Process.

B.2.3.1. The Participants will authenticate transactions for accuracy and completeness of data entries to the extent possible and acceptable.

B.2.3.2. The Participants will determine and validate the total fuel issued by grade of product.

B.2.3.3. The totals determined in paragraph B.2.3.2. will be netted to determine quantities, by grade, owed to one of the Participants. This number is identified as the account balance and will be validated and determined between the Participants.

B.2.3.4. The Participants will be able to request that transactions raised more than two (2) years after the date of provision of aviation fuel will be set aside. Requests for setting aside transactions will be made in writing and resolved to the mutual determination of both Participants at face to face reconciliation meetings.

B.2.3.5. The reconciliation will be fully documented and signed by a responsible official representing each Participant along with the understanding to make a replacement, cash settlement or to carry the balance forward.

B.2.3.6. The Participant owed will raise an invoice to the owing Participant requesting the balance due for cash payment settlements.

ANNEX C

TO US UK FEA AVIATION MOU OF JUNE 2007

PAYMENT IN KIND

C.1. Payment-in-kind settlements will take place within the Government Pipelines and Storage System (GPSS), but settlement may take place at other locations as jointly decided by both Participants. Repayment into the GPSS will be accomplished by administratively adjusting the "book balance". For payment in kind balances owed to DESC, a physical transfer will not occur for GPSS repayment, and the transaction will not be chargeable against DESC's storage or transportation entitlements under the DESC/DFG GPSS MOU dated 18 March 2004. No transportation costs will apply when DESC receives FEA repayment from the GPSS to U.S. Military Locations (RAF Lakenheath, RAF Mildenhall and RAF Fairford). Repayment locations other than into the GPSS may require a physical transfer; payment for this will be the responsibility of the Participant providing the fuel.

C.2. Replacement quantities will be determined from the balance sheets certified by the Participants at the reconciliation meetings.

C.3. Replacement will occur within ninety (90) days of the quarterly reconciliation meeting. In the event a Participant is unable to meet the required replacement date due to circumstances beyond their control, the Participants will determine a mutually acceptable replacement date.

C.4. The owing Participant will provide a minimum fifteen (15) day advance repayment notice in writing to the other Participant.

C.5. Exchange for Equal Value. Equal Value Exchange (EVE) is the process of converting a quantity of one grade of fuel to a quantity of another grade of fuel, based on the equivalent monetary value. EVE of products will be jointly decided by the Participants. If EVE is used for payment in kind settlement, the value of the quantity of fuel received will be used to identify the quantity of F34 that has the equivalent monetary value. The price set by the country owed the repayment (identified in C.5.1. and C.5.2. below) will be used to compute this calculation and identify the account settlement balance.

C.5.1. DESC Repayment to DFG. For DESC repayment to DFG, DESC will repay based on DFG's standard price in effect at the time that product was received by DESC.

C.5.2. DFG Repayment to DESC. For DFG repayment to DESC, DFG will repay based on DESC's "Standard Price" in effect at the time that product was received by DFG.

ANNEX D

TO US UK FEA AVIATION MOU OF JUNE 2007

PAYMENT IN CASH

D.1. Price Determination.

D.1.1. For U.S. DoD. The price charged by DFG for fuel will be calculated based on DFG's standard price in Pounds Sterling per litre per grade of fuel in effect at the time at which product was received by DESC.

D.1.2. For U.K. MOD. The price charged by DESC for fuel will be calculated based on the DoD Standard Price in U.S. Dollars per gallon per grade of fuel in effect at the time at which product was received by DFG.

D.1.3. The Participants intend to negotiate a fair and equitable cash settlement in the event that fuel prices cause a financial burden for either Participant as a result of extreme market fluctuations.

D.2. Invoices. The supplying Participant will submit a settlement invoice to the receiving Participant. Invoices presented by either Participant will be submitted to the address specified in Annex E of this MOU, and will contain a copy of the reconciliation document from the last reconciliation meeting, duly signed by both Participants, showing the account balance.

D.3. Payment.

D.3.1. Each Participant will make payment within thirty (30) days of receipt of a valid invoice at the payment office of either Participant.

D.3.2. Participants will pay in the currency of the supplying Participant.

D.3.3. The preferred payment method is Electronic Funds Transfer (EFT) in accordance with the billing information on the settlement invoice or as referenced below. If this proves impractical for whatever reason, an exchange of letters defining an alternative payment method will be attached to this MOU.

D.4. Electronic Funds Transfer (EFT) Information.

D.4.1. DESC will make EFT payments in Pounds Sterling to HQ AC as follows:

Bank Name:	Lloyds TSB Bank PLC, City Office PO Box 72, Bailey Drive Gillingham Business Park Gillingham, KENT ME08 0LS UNITED KINGDOM
Swift Code:	LOYDGB2LCTY
Account Name:	HMG 4780
Account Number:	0304455, Sort Code: 30-00-02
IBAN:	GB53 LOYD 3000 0200 3044 55

D.4.2. HQ AC will make EFT payments to DESC as follows:

Bank Name: Mellon Bank
Swift Code: MELNUS3P
ABA: (Routing No.) 043000261
Account Name: Department of Defense DFASCO
Account No. 9101027
Bank POC

ANNEX E

TO US UK FEA AVIATION MOU OF JUNE 2007

POINTS OF CONTACT

E.1 POCs for the development of this MOU are as follows:

U.S. DoD
DESC-FGI
HQ DESC

U.K. MOD
SO2 Fuels (Avn/Gnd)
HQ DFG

E.2. For the U.S. DoD. Invoices and transaction documents for all sales to the U.S. DoD, and requests for DD Forms 1896 or their replacements and DOD Fuel Identaplates, will be forwarded to the postal address listed below or to the following e-mail address: rik@dla.mil. DESC-RR is designated the U.S. DoD/U.K. MOD fuel exchange account reconciliation administrator.

Express Mail:
DESC-RR, Bldg 1621- K
1014 Billy Mitchell Blvd
San Antonio, TX 78226
USA

E.3. For the U.K. MOD.

E.3.1. Invoices and transaction documents for all sales to the U.K. MOD will be forwarded to:

Agency Cards and FEAs Accountant
Defence Fuels Group
West Moors
Wimborne
Dorset
BH21 6QS
United Kingdom

E.3.2. Invoices for all sales to the U.K. MOD will be forwarded to:

Aviation Fuels Manager
1W28 Spitfire Block
HQ AC
RAF High Wycombe
BUCKS
HP14 4UE
ENGLAND

ANNEX F

TO US UK FEA AVIATION MOU OF JUNE 2007

PRODUCT QUALITY

F.1. U.S. DoD supplied product will conform to the following specifications:

F.1.1. Aviation Fuel, NATO F-35.

F.1.2. Aviation Fuel, JP-8, NATO F34.

F.1.3. Aviation Fuel, JP-5, NATO F-44.

F.2. U.K. MOD supplied product will conform as a minimum to the following specifications:

F.2.1. Aviation Fuel, AVTUR, NATO F-35.

F.2.2. Aviation Fuel, AVTUR, NATO F-34.

F.2.3. Aviation Fuel, AVCAT, NATO F-44.

F.3. Products supplied by either Participant will conform to those specifications identified for the host Participant in NATO STANAG 1135, Interchangeability Chart of NATO Standardized Fuels, Lubricants, and Associated Products.

F.4. The Participants accept that the product received or supplied meet the supplying Participant's national standards.

F.5. Quantity Determination for Repayment at Locations other than in the GPSS. Bulk repayment will be corrected to fifteen (15) degrees centigrade for quantity determination. The repayment quantity will be based on the quantity received by the Participant owed as determined by gauging receipt tankage. The Participants may witness transfer of product and inventory procedures if desired.

F.5.1. The Participants will mutually arrange the time of transfer and representatives from DESC and DFG may be present to witness the transfer of product. Upon completion of product transfer, the witnessing authorities will prepare a joint report verifying the amount transferred. These reports will be provided to both Participants.

F.5.2. Fuel replaced by either Participant must be tested, as a minimum, to the B-2 test series as defined in STANAG 3149, "Minimum Quality Surveillance for Petroleum Products, Lubricants and Associated Products."

ANNEX G

TO US UK FEA AVIATION MOU OF JUNE 2007

QUANTITY DETERMINATION AND CONVERSIONS

G.1. All measured quantities of military grade fuels will be volume corrected to litres at 15 degrees C or U.S. gallons at 60 degrees F. Measurements will be made in accordance with the API Manual of Petroleum Measurement Standards or technically equivalent national or international standards.

G.2. For settlement purposes, the following conversion factors will be used.

G.2.1. One cubic meter equals 1,000 litres

G.2.2. One litre equals 0.264172 U.S. gallons

G.2.3. One barrel equals 42 U.S. gallons

G.2.4. One pound equals .453592 kilograms

G.2.5. One kilogram equals 2.20462 pounds

G.3. For air-to-air refueling only, the Participants will apply the following factors for use in converting pounds to U.S. gallons.

G.3.1. JP-5 equals 6.8 pounds per U.S. gallon

G.3.2. JP-8 equals 6.7 pounds per U.S. gallon

G.3.3. Jet A-1 equals 6.7 pounds per U.S. gallon