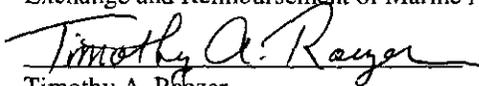


AGREEMENT
BETWEEN
THE DEPARTMENT OF DEFENSE
OF
THE UNITED STATES OF AMERICA
AS REPRESENTED BY
THE DEFENSE ENERGY SUPPORT CENTER
AND
THE MINISTRY OF DEFENSE
OF THE KINGDOM OF SPAIN
AS REPRESENTED BY
THE SPANISH NAVY
CONCERNING
THE EXCHANGE AND REIMBURSEMENT OF
MARINE AVIATION AND PROPULSION FUELS

Dated: March 31, 2005

This is a true and complete copy of the original version of the Agreement Between the Department of Defense of the United States of America as represented by the Defense Energy Support Center and the Ministry of Defense of the Kingdom of Spain as represented by the Spanish Navy Concerning the Exchange and Reimbursement of Marine Aviation and Propulsion Fuels.



Timothy A. Raezer
Assistant Counsel
DESC

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PREAMBLE

The Department of Defense (DoD) of the United States of America (U.S.) as represented by the Defense Energy Support Center (DESC) and the Ministry of Defense of the Kingdom of Spain as represented by the Spanish Navy, hereinafter referred to as the "Parties".

Recognizing Article 35, referencing Annex 5, of the Agreement on Defense Cooperation Between the United States of America and the Kingdom of Spain, signed in Madrid December 1, 1988, entered into force May 4, 1989, as amended by the Protocol of Amendment signed April 10, 2002; and acknowledging the Acquisition and Cross-Servicing Agreement, signed in Madrid and Patch Barracks, Germany, May 6 and 9, 1999, entered into force on May 19, 1999;

Have agreed as follows:

I. PURPOSE, SCOPE AND APPLICABILITY

1.1. Purpose.

1.1.1. The purpose of this Agreement is to:

1.1.1.1. Establish an arrangement whereby the Naval Forces of the U.S. and Spain may exchange Navy Distillate Fuel, North Atlantic Treaty Organization (NATO) Code F76, and Aviation Turbine Fuel (NATO Code F44 & F34).

1.1.1.2. Establish a fuel banking system according to Annex D for the Spanish Navy at Naval Station (NS) Rota for marine propulsion fuel F76.

1.1.1.3. Specify the processes for recording sales, reconciliation and settlement of accounts.

1.2. Scope and Applicability.

1.2.1. The scope of this Agreement applies to the provisioning of all marine propulsion and marine aviation fuel issued to either Party into ships or aircraft worldwide.

1.2.2. This Agreement is applicable to the supply of aviation and marine propulsion fuel, necessary to meet the requirements of the Parties during peacetime, wartime, contingency operations, peacekeeping operations, humanitarian missions, and emergency situations.

1.2.3. For the purpose of this Agreement, agencies authorized refueling include:

1.2.3.1. For U.S. DoD - U.S. DoD aircraft and vessels.

1.2.3.2. For the Spanish Navy - Spanish Navy aircraft and vessels.

II. RELATIONSHIP OF THE PARTIES

2.1. U.S. DoD.

2.1.1. DESC is the U.S. Department of Defense (U.S. DoD) administrator and funding agent for this Agreement.

2.1.2. DESC-Europe (DESC-EU) is the European Headquarters of DESC and is the point of contact for administration of this Agreement.

2.1.3. DESC-Europe-Spain (DESC-EU-SP) is the day-to-day point of contact for this Agreement regarding invoicing and reconciliation and is the direct liaison between the U.S. and Spanish Navies.

2.2. Spanish Ministry of Defense.

2.2.1. The Spanish Navy Maintenance Directorate office of Fuel Servicing (Servicio de Combustible de la Direccion de Mantenimiento de la Jefatura del Apoyo Logistico) is the administrating agent for this Agreement.

2.3. DESC and the Spanish Navy are ultimately responsible for account reconciliation, billing and settlement and are the executive agents for this Agreement.

III. OPERATION

3.1. The Parties shall document all refueling transactions with complete information according to Annex A so the receiving Party can validate the transaction.

3.2. The Parties shall meet monthly to reconcile accounts and reimburse each other for fuel exchanges according to Article IV.

3.3. The DESC shall allocate a 50,000 barrel F76 storage banking system for the Spanish Navy at NS Rota according to Annex D.

3.3.1. The Spanish Navy agrees to pay DESC a fee to cover DESC costs. These fees apply to each U.S. gallon of F76 procured by the Spanish Navy from other than DESC and delivered into tanks at NS Rota as part of the banking system. The fee shall be determined by DESC for the Fiscal Year (FY) October 1st through September 30th and shall be adjusted annually as necessary. DESC shall bill the Spanish Navy for these fees, and the Spanish Navy shall pay the invoice within 30 days of receipt in accordance with in accordance with paragraph 4.3.

3.4. The Parties shall issue in accordance with NATO Standardization Agreement (STANAG) 1135 specification as modified by STANAG 1110 and shall replace product into U.S. managed stocks at NS Rota that conforms to the U.S. specification MIL-PRF-16884, as last revised.

3.5. The Parties shall refuel ships and aircraft of the other Party at sea or land installations worldwide. This agreement does not provide landing clearance or berthing authority for a Party at sea or a land installation of the other Party.

3.5.1. For F76, the Parties at NS Rota shall normally use their own stocks to support their naval forces.

3.5.2. For F44, F34 and F76 DESC shall invoice the Spanish Navy for the net balance owed to DESC. In addition, for F76, the Spanish Navy may request an exchange to offset the balance as mutually agreed upon between the Parties.

3.5.3. The Parties shall repay balances in accordance with Article IV of this Agreement.

3.6. The Parties shall meet on a monthly basis or as required to resolve any Pier 3 operational scheduling conflicts at NS Rota.

3.7. Requests for fuel shall be made in accordance with standard NATO procedures.

3.7.1. At NS Rota, the ordering officer shall give two (2) days advance notification for fuel support required during normal duty hours. For weekends and after normal duty hours, the ordering officer shall give five (5) days advance notification.

3.8. Product Availability. The Party providing fuel has sole authority to determine if there is sufficient stock to refuel the other Party. The Parties are not obligated to procure or store special products to meet the needs of the other Party.

3.9. Documentation.

3.9.1. The USN shall maintain documentation of fuel receipts and issues for the U.S. DoD.

3.9.2. The Spanish Navy shall maintain documentation of fuel receipts and issues for the Spanish MOD.

3.10. The issuing Party shall document transactions on its standard form. The receiving Party shall accept the completed forms as adequate proof of fuel issued. Fueling forms shall be complete, legible and verified by both Parties. Confirmation of refueling by ship's message is acceptable for ship-to-ship transfer. Minimum data requirements are defined in Annex A.

3.10.1. Issues to USN and Spanish Navy vessels at NS Rota shall be recorded on the Department of Defense (DD) Form 1149.

3.10.2. Issues into Spanish Navy aircraft at NS Rota and at other DoD locations shall be recorded on DD Form 1898 (Fuel Sale Slip). The Fuel Sale Slip shall be imprinted with the Jet Fuel Identaplate and signed by the aircrew.

IV. RECONCILIATION AND SETTLEMENT

4.1. Reconciliation.

4.1.1. For NS Rota transactions, DESC-EU-SP, the USN Fuels Officer, and the Spanish Navy Ordering Officer shall meet each month to reconcile the Spanish Banking System and fuel sales provided to each Party.

4.1.2. The standard form or ship's message prepared to document each refueling shall be presented for reconciliation. Illegible forms may be rejected for further research.

4.1.3. Reconciliations shall be fully documented and approved by the Parties and each Party shall sign the reconciliation sheet.

4.1.4. The Parties shall present a monthly informational invoice to the other Party. The invoice shall include the individual transactions along with copies of the individual refueling transaction documents. Accounts for each product shall be reviewed and reconciled.

4.1.5. The Parties agree to reconcile the invoices during the monthly reconciliation meetings and pay the balance owed should one exist.

4.1.6. Questionable items can be carried forward if the Parties agree to the next settlement period, in order to give the Parties time to perform research.

4.2. Settlement.

4.2.1. A summary of U.S. gallons/liters of (aviation) fuel issued by the USN and the Spanish Navy shall be off-set gallon for gallon in the order in which issues were made. The remaining balances for JP5 and JP8 shall be settled by monetary payment using the standard price in place at the time of the transaction to compute the quantity owed into a monetary value.

4.2.1.1. A summary of U.S. gallons/liters of F76 fuel issued by the USN and the Spanish Navy shall be off-set U.S. gallon for U.S. gallon in the order in which issues were made. The remaining balance for F76 shall be settled by monetary payment using the standard price in place at the time of the transaction to compute the quantity owed into a monetary value or may be settled with an F76 replacement-in-kind. Fuel settlements for F76 shall be conducted in accordance with Annex D.

4.3. Cash Settlement.

4.3.1. Electronic Funds Transfer (EFT) payment is the optimum payment method. DESC invoices/bills shall be paid in U.S. dollars. Spanish invoices shall be paid in euros.

4.3.2. The Parties shall invoice the owing Party within thirty (30) days of the settlement meeting.

4.3.3. The owing Party shall make cash settlement within thirty (30) days of receipt of a valid invoice.

V. GENERAL PROVISIONS

5.1. All activities of the Parties under this Agreement shall be carried out in accordance with their national laws. The obligations of the Parties shall be subject to the availability of funds for such purposes.

5.2. Customs and Excise. The Parties shall not charge or pay any taxes or duties under this Agreement.

5.3. Amendment. Amendments to this Agreement may be proposed by either Party at any time and shall, upon acceptance by the Parties by means of a jointly signed amendment, become a permanent part of this Agreement. The Agreement may only be amended by written agreement between the Parties.

5.4. Termination. This Agreement may be terminated at any time upon the written consent of the Parties. Either Party may unilaterally terminate the Agreement by giving to the other Party ninety (90) days written notice of its intent to terminate. The Parties, in consultation, shall take action to limit the impact of termination on either Party.

5.5. Disputes. Any disputes regarding the interpretation or implementation of this Agreement or transactions executed hereunder shall be resolved through consultation between the Parties. If the dispute cannot be resolved between the Parties, it shall be elevated to the Spanish-U.S. Permanent Committee for resolution. It shall not be referred to any national or international tribunal or third party for settlement.

5.6. Effective Date and Duration. This Agreement shall enter into force upon signature of both of the Parties and shall remain in force for a period of three (3) years. This Agreement shall automatically renew at the end of the three (3) year period for an additional two (2) year period unless objected to by either Party in writing at least ninety (90) days before the end of the three (3) year period.

This Agreement consists of five (5) Articles and four (4) Annexes.

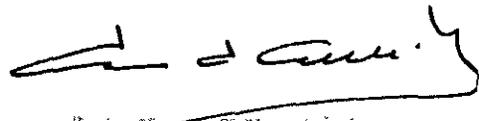
In witness thereof, the undersigned, being duly authorized by their governments, have signed this Agreement. Done in English and Spanish with both texts being equally authentic.

FOR THE
DEFENSE ENERGY SUPPORT CENTER

FOR THE
MINISTRY OF DEFENSE



RICHARD J. CONNELLY
Director
Defense Energy Support Center



Almirante Jefe del Apoyo Logístico
D. Juan José Gonzalez-Irún Sánchez

Date Signed: JAN 27 2005

Date Signed: MARZO 8. 2005

Place Signed: Ft Belvoir - VA 22060

Place Signed: Madrid, Avda Pío XII 83

ANNEX A

REQUIRED INFORMATION FOR FUEL SERVICING

A.1. Proper completion and signature of these forms shall be accepted as evidence that the aviation and marine propulsion fuels were provided to either Party and should include as a minimum;

A.2. Marine Fuel to Vessels (DD Form 1149 or Standard NATO Form):

- A.2.1. Fuel Grade
- A.2.2. Ship Designation/Number
- A.2.3. Unit Identification
- A.2.4. Quantity
- A.2.5. Unit of Measure
- A.2.6. Service Location
- A.2.7. Issue Date
- A.2.8. Printed Name of Receiver (not applicable with ship to ship transfers)
- A.2.9. Signature of Receiver (not applicable with ship to ship transfers)

A.3. Aviation Fuel to Aircraft (DD Form 1898 or Standard NATO Form):

- A.3.1. Consignee's Printed Name
- A.3.2. Consignee's Signature
- A.3.3. Rank
- A.3.4. Consignee's Organization and Location (Company name for commercial aircraft)
- A.3.5. Date of Issue
- A.3.6. Place of Issue
- A.3.7. Aircraft Type and Number
- A.3.8. Issue Quantity
- A.3.9. Type of Product

A.4. One copy of the issue voucher shall be furnished to the person who signs for the fuel. Remaining copies of the issue voucher shall be processed in accordance with procedures prescribed by the USN and the Spanish Navy for subsequent posting to the Fuel Exchange account.

ANNEX B

MAILING ADDRESSES FOR DOCUMENTATION AND PAYMENT

B.1. Invoicing. The Party owed shall present an invoice to the other Party on a monthly basis.

B.2. Payment.

B.2.1. Payment to DESC.

B.2.2. Payments to DESC shall be in U.S. Dollars via check or wire transfer.

B.2.3. Checks: Defense Finance and Accounting Service - Columbus Center
ATTN: DFAS-ADPSD/CA-Fuels
P.O. Box 182204
Columbus, OH 43218-2204

B.2.4. Wire transfer: Mellon Bank, NA
Pittsburgh, PA
Swift Code: MELNUS3P
ABA: 043000261
Account Number: 9101027
Account Name: DFAS-CO
Bank POC: John Mesko, telephone number (412) 234-5862
Mark: Payment from Spanish Navy for Invoice Number
__(#####)__

B.3. Payment to Spanish Navy.

B.3.1. Payments to Spanish Navy shall be in euros via wire transfer to the following C/C del banco BBVA number 0182-9072-51-02-0000093 addressed to "CAJA PAGADORA. SECCION DE EXTRANJERO. CUENTA DE INGRESOS"

B.4. Mailing Address.

B.4.1. Changes to addresses shall be conveyed via an exchange of letters and attached to this Agreement.

ANNEX C

QUALITY

C.1. Quality.

C.1.1. Prior to discharge, Spanish Navy and USN representatives shall jointly review quality certificates to determine suitability of product on board the discharge vessel. Testing as mandated by STANAG 3149 is required prior to discharge and at the receiver's option may permit up to type A series testing at the receiving facility. The U.S. shall require Type B-2 testing including the MIL-PRF-16884 accelerated stability test prior to discharge.

C.1.2. Product Quality. Product issued to either Party must meet NATO Standardization Agreement (STANAG) specifications as specified in STANAG 1135 for F76 and F44, and /or the minimum quality standards as specified in STANAG 1385 for F76, STANAG 3747 for F34 & F44 or as amended by STANAG 1110. Quality surveillance of the petroleum products supplied shall be performed in accordance with STANAG 3149.

C.1.3. The receiving Party shall have the option of refusal if the product does not meet the quality assurance and specification requirements.

C.2. Quantity.

C.2.1. Quantities under 5,000 U.S. gallons shall be measured at ambient temperature. Quantities of 5,000 U.S. gallons and over shall be converted to a Net Standard Volume, either in liters at fifteen degrees centigrade (15 °C) or gallons at sixty degrees Fahrenheit (60 °F) in accordance with ISO 91-1 or ASTM D 1250, *Petroleum Measurement Tables*. Measurement shall be made in accordance with locally approved procedures. Use the Petroleum Measurement Tables (an adjunct to ASTM D 1250), Volume XII, Table 52 to convert between cubic meters at 15 °C and barrels at 60 °F (1 cubic meter equals 1,000 liters; 1 barrel equals 42 U.S. gallons). Use Volume XII, Table 58 to convert between gallons/barrels and metric tons.

ANNEX D

F76 BANKING SYSTEM OPERATION

D.1. The DESC shall allocate to the Spanish Navy 50,000 barrels of F-76 storage at NS Rota. The F-76 storage allocation shall function as a credit/debit type banking system for the Spanish Navy.

D.1.1. The Spanish Navy agrees to procure the initial 50,000 barrel quantity of F76 in order to establish credit and begin operating from the banking system at NS Rota. The Spanish Navy agrees to maintain adequate inventory to meet operational fuel requirements.

D.1.2. The Parties shall jointly review the 50,000 barrel F76 banking system quantity allocations on an annual basis to determine if adjustments are required. Any adjustments shall be mutually agreed upon in writing and shall not adversely affect either Party.

D.2. Credits can be established by purchasing F76 from DESC or by importing F76 by sea tanker from Spanish Navy contract sources.

D.2.1. When purchased from DESC, the amount purchased shall be immediately credited to the Spanish Navy banking system.

D.2.2. When imported from Spanish Navy contract sources, the amount received as recorded by the Automatic Tank Gauging (ATG) system shall be the amount officially credited to the Spanish Navy's banking system.

D.2.3. The Spanish Navy credits shall not exceed the 50,000 barrel banking system storage allocation unless the Parties mutually agree in writing that adequate ullage is available at NS Rota and agree that the credits may be used to offset F76 debt balances by replacement-in-kind.

D.2.4. The USN shall give two (2) days advance notification for fuel support required from the Spanish Navy's Banking System, under normal circumstances.

D.2.5. The DESC and NS Rota shall support the Spanish Navy F-76 requirements from the 50,000 barrel banking system inventory to meet the operational needs of the Spanish Armada. Issues to Spanish Navy's forces shall be debited from the banking system using the quantities reflected on the DD Form 1149 issue documents. The total quantities of F-76 issued to the Spanish Armada during a specific month shall be reconciled during the monthly reconciliation meetings.

D.3. The Spanish Navy shall provide DESC-EU-SP and NS Rota a 30 days advance written notice of their intent to import F-76 from Spanish Navy contract sources into NS Rota. The advanced notification shall include the delivery quantity and product specification.

D.4. Handling Fee.

D.4.1. The Spanish Navy shall pay a Handling Fee for all product deposited into the banking system from outside sources. The Handling Fee is not charged for fuel purchased from DESC.

D.4.2. The Handling Fee shall normally change annually or whenever the DESC standard price changes. The Handling Fee for 1 October 2004 – 30 September 2005 is 8 ½ cents per U.S. gallon.

D.4.3. DESC shall advise the Spanish Navy in writing when the Handling Fee changes. The Spanish Navy shall not pay handling fees when procuring F76 from DESC .

D.5. Prior to discharge of Spanish Navy procured F76 fuel into the tanks at Naval Station Rota, both the Spanish Navy representative and the USN representative shall review the quantity on hand in the shore tanks utilizing the ATG system. After all fuel is received, the Spanish and U.S. representative shall review the ATG system again to determine the exact amount of fuel received into the tanks, which shall be credited to the Spanish Navy's inventory.