

FUEL EXCHANGE AGREEMENT
BETWEEN UNITED STATES NAVY
AND THE CHILEAN NAVY

I. GENERAL

This agreement establishes the framework of policy and procedures whereby the United States Department of Navy, (hereinafter referred to as the DON) and the Chilean Navy may exchange fuel on a replacement-in-kind and/or reimbursable basis.

II. FUEL PRODUCTS INCLUDED UNDER THIS AGREEMENT

A. Product	Units of Issue
Naval Distillate (NATO F-76)	GAL and CUM
Diesel Petroleum 2-D (NATO F-75)	GAL and CUM
Jet Fuel (JET A-1 commercial)	GAL and CUM

B. Conversion factors:

1 Cubic Meter equals 6.2898 U.S. Barrels
 1 U.S. Barrel equals 0.1590 Cubic Meters
 1 U.S. Barrel equals 42 U.S. Gallons
 1 U.S. Gallon equals 3.78541 Liters
 1 Metric Ton equals 7.4625 U.S. Barrels
 1 U.S. Barrel equals 0.1340 Metric Tons

Supply of the listed products are subject to availability of the particular fuel at the location requested.

C. Quantity Determination

Actual physical determination of quantity will be conversion of the volume in US gallons to 60 degrees Fahrenheit or 15 degrees Celsius. In the case of differences between issued and received quantities, shore figures will be accepted as the more accurate. For discrepancies in underway issues and receipts, the issuing ship's figures will be those accepted.

III. ACTIVITIES AND SHIPS/COMMANDS AUTHORIZED TO PARTICIPATE

A. Subject to due notice to and approval by the issuing authority, pursuant to the provisions of this agreement, fuel will be dispensed to Chilean Navy ships, aircraft, and commands by any USN shore activity or dispensing unit afloat, and fuels will be dispensed to United States ships, aircraft, and commands by any Chilean Naval Shore activity or dispensing unit afloat.

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B. Routine delivery service and overtime work associated with issues to either Navy's ships or aircraft will be provided on a reciprocal no-cost basis to the greatest extent possible subject to other mutual agreements for logistic services or laws in effect. Where a service cannot be provided on a reciprocal basis or where unusual delivery costs are incurred, these costs will be borne by the party receiving the service.

IV. PROCEDURES FOR REQUESTING FUEL

Whenever possible, at least 10 days notice of a requirement should be given and request for fuel made as follows:

A. Refueling at Sea

1. USN/USMC requirements for fuel from the Chilean Navy should be by message to United States Defense Attaché Office, Santiago, CI, (USDAO SANTIAGO CI//), with information copies to Navy Petroleum Office, Fort Belvoir, VA (NAVPETOFF FORT BELVOIR VA//NPO//), and Defense Finance and Accounting Service (DFAS), Operating Location Charleston (DFAS OPLOC CHARLESTON SC//AAMA//).

2. The Chilean Navy requirements for fuel from USN/USMC should be submitted by message to either Commander in Chief, U.S. Atlantic Fleet, Norfolk, VA (CINCLANTFLT NORFOLK VA//N33/N413F//), Commander in Chief, Pacific Fleet, Pearl Harbor, HI (CINCPACFLT PEARL HARBOR HI//N415//), or USDAO SANTIAGO CI//, with copies to NAVPETOFF FORT BELVOIR VA//NPO//, NAVSTA RODMAN PM//, and DFAS OPLOC CHARLESTON SC//AAMA//.

B. Refueling from Shore Depots

1. USN/USMC requirements for fuel from the Chilean Navy should be by message to the activity delivering fuel with copies to either CINCLANTFLT NORFOLK VA//N33/N413F//, CINCPACFLT PEARL HARBOR HI//N415//, or USDAO SANTIAGO CI//, with information copies to DFAS OPLOC CHARLESTON SC//AAMA//, and NAVPETOFF FORT BELVOIR VA//NPO//.

2. The Chilean Navy requirements for fuel from USN/USMC should be submitted by message to CINCLANTFLT NORFOLK VA//N33/N413F//, CINCPACFLT PEARL HARBOR HI//N415//, and USDAO SANTIAGO CI//, as appropriate. Information copies to NAVPETOFF FORT BELVOIR VA//NPO//, and DFAS OPLOC CHARLESTON SC//AAMA//.

C. Fuel Availability and National Laws/Regulations

1. Notwithstanding any other provision in this agreement, all issues of fuel encompassed in this agreement are subject to availability of fuel for transfer, as determined by the issuing authority, and are subject to national laws and regulations in effect at the time of transfer.

2. In order to ensure fuel availability, the Navy which projects a future fuel requirement (e.g., US-UNITAS), may in agreement with the other Party, make an advance fuel delivery to the latter.

D. Fuel Stock

Provide for cargo load of Navy tankers in ports where the requesting nation does not maintain fuel stocks or bunker contracts. Requests for cargo fuel will be made 30 days in advance of the desired fuel date. Emergency requests will be handled on a case-by-case-basis. The type of fuel requested is subject to availability at the location needed, with repayment or replacement-in-kind within 120 days of cargo fuel loadout.

V. DOCUMENTATION OF RECEIPTS AND ISSUES

Each issue and receipt will be certified by the officials designated by each country. In the case of the USN, issue of fuels will be certified by the commander or commanding officer of the dispensing facility or dispensing unit afloat. Receipt of fuels will be certified by the commander or commanding officer of the receiving USN unit or shore activity. In the case of the Chilean Navy, issue of fuels will be certified by the commander or commanding officer of the dispensing facility or dispensing unit afloat. Receipt of fuels will be certified by the Chilean Navy receiving ship or activity. Certified documents, or message certification of issue will be submitted to Defense Fuel Accounting Service, P.O. Box 118055 (Code AAMA), Charleston, SC 29423-8055, USA, and to the Director General of Services, Santiago, Chile within a period of ten days after each transfer under this agreement.

VI. OFFICIAL RECORDS AND COMMUNICATIONS

A. DFAS OPLOC Charleston will maintain the official accountable records for the USN under this agreement. The Director General of Services will maintain the official accountable records for the Chilean Navy under this agreement.

All official communications concerning financial and other matters (not specifically provided for in this agreement) shall be directed to the Chief of Naval Operations, N413, Washington, D.C. 20350-2000, USA.

B. Validation. The two offices which maintain the official records will prepare a statement of account reflecting all fuel received and delivered with an annual balance for each fuel product up to 31 December. By 31 March, all verifications shall be completed, encompassing the reconciliation for all the transactions conducted during the year.

VII. STATEMENT OF ACCOUNTS

A. Each office maintaining official records will prepare a statement in the format shown in the Appendix showing the unit of issue and quantities received and issued up to 31 December, and forward it to the other office for reconciliation. The office receiving the statement of account will verify and reconcile any differences before 31 March. In the case of discrepancies between quantities issued/received, the reading ashore will be accepted as the most accurate. In the case of discrepancies in underway refueling, the fuel reading by the issuing ship will be accepted.

B. After verification and reconciliation of the applicable year's total transactions, and agreement by both parties, DFAS, OPLOC Charleston (Code AAMA) will inform the Director General of Services by message of the statement of account. DFAS OPLOC Charleston (Code AAMA) and the Director General of Services will prepare an agreement on the method to conduct the liquidation of any discrepancy between the accounts maintained by each party. For this purpose, meetings can be convened at the request of either party. Such settlement shall occur not more than six months after the close of the calendar year being reconciled.

VIII. PROCEDURES FOR FUEL REQUIREMENT

Issues and receipts of all products owed will be offset on a grade-by-grade basis to the maximum extent possible as part of the reconciliation process. Both parties shall have the right to replace the net balance of any particular issue with fuel of the same quality or equivalent in consonance with relative values based on the standard prices of the party receiving repayment, using standard prices existing at the end of the period being reconciled. The recipient shall have the option of refusal if the fuels do not meet national requirements. When mutually

convenient, repayment will be made by transferring fuel at locations where both Governments have POL stocks. When repayment is to be made by the tanker, unless otherwise agreed in other mutual logistic support agreements or laws, services associated with the tanker delivery will be provided on a reciprocal no-cost basis to the greatest extent possible. Where this is not possible, these charges will be borne by the Navy making replenishment.

IX. OPTIONAL SETTLEMENT

These arrangements do not preclude the option of cash payment for the whole or any part of any imbalance. Fuel issues paid for in cash by the Chilean Navy will be charged at the U.S. Department of Defense standard prices in effect at the end of the period being reconciled. Fuel issues paid for in cash by the USN will be charged at Chilean Navy standard prices in effect at the end of the period being reconciled. Monetary values will be computed exclusive of any customs or taxes. Remittance for amounts due to the USN shall be addressed to DFAS OPLOC Charleston (Code AAMA), P.O. Box 118055, Charleston, SC 29423-8055, USA. Remittance for amounts due to the Chilean Navy shall be addressed to Embassy, USDAO, Santiago, Chile.

X. SETTLEMENT OF DISPUTES

Disputes between the parties arising under or relating to this agreement shall be resolved only by consultation between the parties and shall not be referred to a national court, international tribunal, or to any other person or entity for settlement.

XI. TERMINATION

A. This agreement may be terminated by either party upon six months written notice to the other. In case of such termination, the two offices maintaining the official accountable records will reconcile accounts and develop an agreed method of settlement within three months after the date of termination. Settlement of accounts will be completed not later than six months from the date of termination.

B. This agreement may be terminated immediately by either party should the party in arrears fail to settle an overdue balance within one year after the end of the settlement period established in Article VII. In case of such termination, the two offices maintaining the official accountable records will reconcile all accounts within three months after the date of termination. Settlement of these accounts will be completed not later than six months after the date of termination.

XII. ENTRY INTO FORCE, DURATION AND AMENDMENT

This agreement, which consists of 12 Articles and one annex, shall enter into force on the date of last signature and shall remain in force for five years from such date unless terminated sooner. By written agreement between the parties, this agreement may be amended, including being extended for periods of up to five years but not to exceed a total of 20 years from the date of last signature of this agreement.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their governments, have signed this agreement in duplicate in the English and Spanish languages, both texts being equally authentic, and the Spanish language version having been certified for conformity.

FOR THE UNITED STATES NAVY

FOR THE CHILEAN NAVY

x *D. E. Hickman*
(Signature)

Sergio Jarpa Gerhard
(Signature)

D. E. HICKMAN

SERGIO JARPA GERHARD

(Name)
REAR ADMIRAL, SC, USN
DIRECTOR, SUPPLY PROGRAMS & POLICY DIV.
(Rank and Title)

(Name)
VICEALMIRANTE
DIRECTOR GENERAL DE LOS SERVICIOS
DE LA ARMADA
(Rank and Title)

25 OCTOBER 1997
(Date)

01 DE AGOSTO DE 1997.
(Date)

WASHINGTON, DC
(Location)

VALPARAISO, CHILE.
(Location)

STATEMENT OF TRANSACTIONS

A. ISSUES BY _____ NAVY

Issuing Activity Or Ship	Receiving Activity or Ship	Transaction Date	Unit of Issue	U.S.GALS Issued	Barrels Issued
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

TOTAL UNITS ISSUED: _____

B. RECEIPTS BY _____ NAVY

Issuing Activity Or Ship	Receiving Activity or Ship	Transaction Date	Unit of Issue	U.S.Gals Received	Barrels Issued
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

TOTAL UNITS ISSUED: _____

C. STANDARD PRICES OF _____ NAVY