

**AMENDMENT ONE**

**TO 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**

**ACTING ON BEHALF OF THE ROYAL NAVY**

**CONCERNING**

**THE EXCHANGE AND REPLACEMENT OR REIMBURSEMENT**

**OF**

**MARINE AVIATION AND PROPULSION FUELS**

**AT SEA AND AT**

**MILITARY INSTALLATIONS WORLDWIDE**

Dated: October 12, 2006

I certify that this is a true and complete copy of the original Amendment One to the Memorandum of Understanding Between the United States Department of Defense 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 on Behalf of the Royal Navy Concerning the Exchange and Replacement or Reimbursement of Marine Aviation and Propulsion Fuels at Sea and at Military Installations Worldwide.

  
Timothy A. Raezer, Assistant Counsel  
Defense Energy Support Center

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, Acting on Behalf of the Royal Navy, Concerning the Exchange and Replacement or Reimbursement, of Marine Aviation and Propulsion Fuels at Sea and at Military Installations Worldwide," dated September 29, 2004 is amended as follows.

1. Amend SECTION I: PURPOSE AND SCOPE, by:

a. Adding Paragraph 1.3. with the following:

"1.3. Third-Party NATO Countries may participate in this Agreement when mutually agreed by the Participants. The balance of one Participant or third-party NATO Country may be reconciled against the account of another Participant or third-party NATO Country."

2. Amend SECTION III: RESPONSIBILITIES, by:

a. Deleting Paragraph 3.1.3. and replacing it with the following:

"3.1.3. Meet to reconcile accounts quarterly."

3. Amend SECTION IV: OPERATIONS, by:

a. Deleting Paragraph 4.2. and replacing it with the following:

"4.2. 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 when necessary. When a jointly decided number of such changes have accumulated, an amendment to this MOU, or a new MOU, will be renegotiated as provided in Section V, paragraph 5.4."

b. Deleting Paragraph 4.3.

4. Amend ANNEX C, RECONCILIATION, by:

a. Deleting Paragraph C.2. and replacing it with the following:

"C.2. Quarterly Account Reconciliation."

b. Deleting Paragraph C.2.1. and replacing it with the following:

"C.2.1. The Participants intend to reconcile and settle account transactions on a quarterly basis. Reconciliation of accounts may be accomplished by meeting or exchange of correspondence as mutually agreed between the Participants. After reconciliation, the Participants will mutually agree how reimbursement of any balance will be settled."

c. Deleting Paragraph C.2.2. and replacing it with the following:

“C.2.2. Balances may be replaced in kind (Annex E) or reimbursed in monetary terms (Annex D). 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 or by monetary equivalent in accordance with this MOU.”

d. Adding Paragraphs C.2.3.7. and C.2.3.8. as follows:

“C.2.3.7. For the purpose of reconciliation and settlement, the following conversion factors will be used at the same temperature:

C.2.3.7.1. One (1) litre equals 0.264172 U.S. gallons

C.2.3.7.2. One (1) cubic metre equals 1,000 litres

C.2.3.7.3. One (1) barrel equals 42 U.S. gallons”

“C.2.3.8. Equal Value Exchange. Equal Value Exchange (EVE) is the process of converting a quantity of one grade of product to an equivalent financial value of another grade of product. Price determination of products will be in accordance with Annex D. Equal value exchange of products will be mutually agreed by the Participants.”

5. Amend ANNEX D, PAYMENT IN CASH, by deleting Paragraph D.1. and replacing it with the following:

“D.1. Price Determination.

D.1.1. DESC Repayment to DFG. For DESC repayment to DFG, DESC will repay based on the DFG’s “weighted average monthly stock price” in effect at the time in which product was received by DESC.

D.1.2. DFG Repayment to DESC. For DFG repayment to DESC, DFG will repay based on DESC’s “standard price” in effect for the year in which product was received by DFG.”

**This Amendment One to 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, Acting on Behalf of the Royal Navy, Concerning the Exchange and Replacement or Reimbursement of Marine Aviation and Propulsion Fuels as Sea and at Military Installations Worldwide,” will enter into effect upon the signature of both Participants.**

**In witness thereof, the undersigned, being duly authorized by their Governments, have signed this Amendment.**

**FOR THE  
DEFENSE ENERGY SUPPORT CENTER**

  
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RICHARD J. CONNELLY  
Director  
Defense Energy Support Center

4 OCT 2004  
DATE SIGNED

FORT BELVOIR VA  
PLACE OF SIGNATURE

**FOR THE  
DEFENCE FUELS GROUP**

  
\_\_\_\_\_  
A. C. SPINKS, Air Commodore, RAF  
Director  
Defence Fuels Group

6 OCT 06  
DATE SIGNED

Fort Belvoir VA  
PLACE OF SIGNATURE