



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

January 3, 2013

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
DIRECTOR, COST ASSESSMENT AND PROGRAM
EVALUATION
DIRECTOR, OPERATIONAL TEST AND EVALUATION
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
ASSISTANT SECRETARIES OF DEFENSE
DEPARTMENT OF DEFENSE CHIEF INFORMATION OFFICER
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DoD FIELD ACTIVITIES

SUBJECT: Directive-type Memorandum (DTM) 13-001 – Management of Bulk Petroleum Stock Levels

References: See Attachment 1.

Purpose. This DTM, in accordance with the authority in DoD Directive (DoDD) 5134.01 (Reference (a)):

- Establishes policy for petroleum operating stock (OS).
- Clarifies the basis for petroleum war reserve stock (PWRS).
- Updates responsibilities and procedures for management of bulk petroleum stock levels.
- Is effective January 3, 2013; it will be incorporated into DoDD 4140.25 (Reference (b)), DoDD 5101.08 (Reference (c)), and DoD 4140.25-M (Reference (d)). This DTM will expire effective July 2, 2013.

Applicability. This DTM applies to OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands (CCMDs), the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the Department of Defense (referred to collectively in this DTM as the “DoD Components”).

Definitions. See Glossary.

Policy. It is DoD policy that:

- Petroleum OS is sized, acquired, positioned, and managed to:
 - Achieve the greatest practical flexibility and responsiveness.
 - Reduce reaction time.
 - Sustain forces world-wide.
 - Minimize DoD expenses.
- Petroleum war reserve requirements (PWRRs) are used as the basis for PWRS once resupply sources are established for an executed Operation Plan (OPLAN).

Responsibilities. See Attachment 2.

Procedures. See Attachment 3.

Releasability. **Unlimited.** This DTM is approved for public release and is available on the DoD Issuances Website at <http://www.dtic.mil/whs/directives>.



Frank Kendall
Under Secretary of Defense for
Acquisition, Technology, and Logistics

Attachments:
As stated

ATTACHMENT 1

REFERENCES

- (a) DoD Directive 5134.01, “Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)), December 9, 2005, as amended
- (b) DoD Directive 4140.25, “DoD Management Policy for Energy Commodities and Related Services,” April 12, 2004
- (c) DoD Directive 5101.8, “DoD Executive Agent for Bulk Petroleum,” August 11, 2004
- (d) DoD 4140.25-M, “DoD Management of Bulk Petroleum Products, Natural Gas, and Coal,” current edition
- (e) DoD Instruction 3110.06, “War Reserve Material (WRM) Policy,” June 23, 2008
- (f) DoD Directive 5134.12, “Assistant Secretary of Defense for Logistics and Materiel Readiness (ASD(L&MR)),” May 25, 2000, as amended
- (g) DoD 7000.14-R, Volume 2b, “Department of Defense Financial Management Regulations (FMRs): Budget Formulation and Presentation,” current edition

ATTACHMENT 2

RESPONSIBILITIES

1. UNDER SECRETARY OF DEFENSE FOR ACQUISITION, TECHNOLOGY, AND LOGISTICS (USD(AT&L)). In accordance with the authority in Reference (a) and DoD Instruction 3110.06 (Reference (e)) the USD(AT&L):

- a. Provides policy guidance and oversight as necessary to ensure the timely and successful implementation of this DTM.
- b. Ensures PWRS and petroleum OS are sized, acquired, managed, and positioned according to References (b) and (e).
- c. Maintains PWRS as specified in Secretary of Defense (SecDef) approved OPLANs or until the SecDef rescinds the OPLAN.
- d. Ensures DoD Components minimize investment and inventories consistent with peacetime and contingency needs for U.S. military forces worldwide.

2. ASSISTANT SECRETARY OF DEFENSE FOR LOGISTICS AND MATERIEL READINESS (ASD(L&MR)). Under the authority, direction, and control of the USD(AT&L) and in accordance with DoDD 5134.12 (Reference (f)), the ASD(L&MR):

- a. Reviews and approves the geographic PWRR days of supply (DOS) guidance biannually.
- b. Reviews and approves CCMD requests for changes to PWRR that lead to higher authorized inventory levels in order to satisfy anticipated requirements during contingency or ongoing military operations.
- c. Provides PWRR DOS guidance and any approved changes to PWRR to the Under Secretary of Defense (Comptroller)/Chief Financial Officer, Department of Defense (USD(C)/CFO) for budget and resource allocation process considerations.

3. DIRECTOR, DEFENSE LOGISTICS AGENCY (DLA). Under the authority, direction, and control of the USD(AT&L) and in addition to the responsibilities in section 6 of this attachment, the Director, DLA:

- a. Sizes, acquires, manages, and positions PWRS and petroleum OS to achieve the greatest practical flexibility and responsiveness to a full spectrum of regional contingencies while minimizing DoD expenditures.

- b. Ensures approved changes to PWRS and OS levels are received and filed as appropriate during the inventory management plan (IMP) process.
- c. Collaborates with the Joint Staff on the development of the DOS guidance, PWRR, and IMP.
- d. Uses the approved DOS guidance to develop the IMP annually or in quarterly updates when substantive changes occur.

4. USD(C)/CFO. The USD(C)/CFO:

- a. Utilizes the approved PWRR DOS guidance to ensure revolving fund accounts for petroleum comply with guidance found in Volume 2b of DoD 7000.14-R (Reference (g)).
- b. Maintains resource management processes to address approved changes to PWRR that result in higher inventory levels.

5. CHAIRMAN OF THE JOINT CHIEFS OF STAFF. In addition to the responsibilities in section 6 of this attachment, the Chairman of the Joint Chiefs of Staff:

- a. Establishes a joint planning petroleum community to collaborate on world-wide petroleum requirements and develops recommendations for the annual IMP, PWRR, and biannual DOS guidance.
- b. Reviews and validates all CCMD request for changes to PWRR.
- c. Provides recommended petroleum PWRR DOS guidance at least biannually to the ASD(L&MR) for approval.

6. DoD COMPONENT HEADS. The DoD Component heads:

- a. Minimize inventories consistent with peacetime and contingency needs for U.S. military forces worldwide.
- b. Participate in the joint petroleum planning community to collaborate on world-wide petroleum requirements and provide inputs for IMP development per the directions in Reference (b).
- c. Collaborate with CCMDs on all changes to PWRR.
- d. Submit all changes to PWRR to the Joint Staff for review and validation.

ATTACHMENT 3

STOCK LEVEL PROCEDURES

1. DLA, in conjunction with the supported CCMD Joint Petroleum Office:
 - a. Computes the safety level (SL) based on the supply chain supporting each defense fuel supply point (DFSP). The SL may be reduced to zero at DFSPs that store sufficient PWRS quantities to withstand historical variability. DLA may modify SL computation methods as necessary and will note any SL computation method deviation in the IMP forward narrative.
 - b. Utilizes PWRS as CCMD or joint task force theater reserve stocks during execution phases of any plan.
 - c. Maintains PWRS until the SecDef rescinds the OPLAN or upon SecDef approval of the supported CCMD's recommendation to change or omit all or some of the OPLAN requirement.
 - d. Maintains OS necessary to sustain daily world-wide U.S. military force operations.
 - e. Satisfies OS levels before satisfying any other requirements.
2. DLA may authorize reduction or increase in OS levels stored at DFSPs for a specific time based upon regional operations requirements or economic factors whenever additional storage capability above the calculated OS level is available.

GLOSSARY

PART I. ABBREVIATIONS AND ACRONYMS

ASD(L&MR)	Assistant Secretary of Defense for Logistics and Materiel Readiness
CCMD	Combatant Command
DFSP	defense fuel supply point
DLA	Defense Logistics Agency
DoDD	DoD Directive
DOS	days of supply
DTM	Directive-type Memorandum
IMP	inventory management plan
OPLAN	Operation Plan
OS	operating stock
PWRR	petroleum war reserve requirements
PWRS	petroleum war reserve stock
SecDef	Secretary of Defense
SL	safety level
USD(AT&L)	Under Secretary of Defense for Acquisition, Technology, and Logistics

PART II. DEFINITIONS

These terms and their definitions set standard terminology for use in DoD supply chain materiel management.

IMP. Defines military specification fuel management by product type on a terminal and regional basis. The completed plan provides a basis to support the budget allocation for appropriated, stock funded fuel, and CCMD requirement support plan.

OS. Fuel required to sustain daily operations and ensure fuel availability to support US military forces world-wide. OS was formerly known as peacetime operating stock.

PWRR. Fuel inventory level required in support of the SecDef planning guidance positioned prior to hostilities at or near the point of planned use. PWRR is designed to reduce reaction time and to ensure adequate support of military forces during the early stages of war until stocks can be replenished.

PWRS. Fuel held by a DFSP to support war reserve requirements.

SL. The fuel inventory level in the OS formula that compensates for time and demand variability during the resupply cycle to protect DFSPs from stock depletion.