DEFENSE

Agreement between the

UNITED STATES OF AMERICA

and ITALY

Signed at Ft. Belvoir and Rome
June 2 and July 10, 2006

with

Annexes

NOTE BY THE DEPARTMENT OF STATE

Pursuant to Public Law 89—497, approved July 8, 1966 (80 Stat. 271; 1 U.S.C. 113)—

". . .the Treaties and Other International Acts Series issued under the authority of the Secretary of State shall be competent evidence . . . of the treaties, international agreements other than treaties, and proclamations by the President of such treaties and international agreements other than treaties, as the case may be, therein contained, in all the courts of law and equity and of maritime jurisdiction, and in all the tribunals and public offices of the United States, and of the several States, without any further proof or authentication thereof."

ITALY

Defense

Agreement signed at Ft. Belvoir and Rome
June 2 and July 10, 2006;
Entered into force July 10, 2006.
With annexes.

AGREEMENT

BETWEEN

THE DEPARTMENT OF DEFENSE OF THE UNITED STATES OF AMERICA

AS REPRESENTED BY

THE DEFENSE ENERGY SUPPORT CENTER

AND

THE ITALIAN AIR FORCE

AS REPRESENTED BY THE

LOGISTICAL COMMAND – SUPPORT SERVICES

CONCERNING

THE EXCHANGE AND REIMBURSEMENT OF

AVIATION AND GROUND FUEL

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PREAMBLE

The Department of Defense of the United States of America (U.S. DoD) as represented by the Defense Energy Support Center (DESC) and the Italian Air Force (ITAF) as represented by the Logistical Command – Support Services [Command Logistico—Servizio dei Supporti], hereinafter referred to as the "Party" or "Parties;"

Recognizing The North Atlantic Treaty, signed in Washington, DC on April 4, 1949;

Recognizing the Agreement Between the Parties to the North Atlantic Treaty Regarding the Status of Their Forces, signed in London on June 19, 1951;

Recognizing the North Atlantic Treaty Organization (NATO) Mutual Support Act of 1979, as amended;

Recognizing the Memorandum of Understanding Between the Ministry of Defense of the Republic of Italy and the Department of Defense of the United States of America Concerning Use of Installation/Infrastructure By U.S. Forces in Italy, dated February 2, 1995; and

Recognizing the Acquisition and Cross-Servicing Agreement (US-IT-02) Between the Department of Defense of the United States of America and the Italian Ministry of Defense, dated April 15, 2001.

Have agreed as follows:

I. PURPOSE, SCOPE AND APPLICABILITY

1.1. Purpose.

1.1.1. The purpose of this Agreement is to establish the terms and conditions whereby the Parties may exchange aviation fuel (NATO Fuel Codes F34 and F35), ground fuel (NATO Fuel Codes F46 and F54), or Italian National Specification ground fuel worldwide on a replacement or reimbursement basis.

1.1.2. Although the Greek Ministry of Defence (GR MoD) and the Turkish General Staff of the Republic of Turkey (TGS) are not Parties to this Agreement, both may participate as Third Parties in the balancing of accounts. The balance of one Party or a Third Party may be reconciled against the account of another Party or Third Party. A Third Party may also apply to another participating NATO member as mutually agreed to in writing by the Parties.

1.2. Scope and Applicability.

1.2.1. This Agreement applies to the worldwide refueling of aircraft, vehicles or refueling units at the military installations of the Parties where prior permission to operate has been granted.

1.2.2. This Agreement is applicable to the supply of aviation and ground fuel, which are necessary to meet the requirements of the Parties during peacetime, wartime, contingency operations, peacekeeping operations, humanitarian missions, and other emergency conditions.

1.2.3. The Parties may exchange aviation and ground fuel at any of their military installations. Fuel may also be exchanged within the Northern Italian Pipeline System (NIPS) as mutually agreed in writing to by the Parties. For the purpose of this Agreement, assets authorized for refueling include:

1.2.3.1. For U.S. DoD: U.S. DoD aircraft and vehicles, civilian aircraft and vehicles under U.S. military contract, U.S. military bulk refueling units, and other U.S. federal agency aircraft and vehicles identified by the receiving Party.

1.2.3.2. For the ITAF: ITAF aircraft and vehicles, civilian aircraft and ground vehicles under contract with ITAF, and any other type of aircraft or ground vehicle authorized by the receiving Party.

II. RELATIONSHIP

2.1. U.S. DoD.

2.1.1. DESC is the administrator of this Agreement.

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

2.1.3. DESC-EU-Mediterranean (DESC-EU-MED) is the manager of DESC day-to-day operations for this Agreement and the direct liaison with the ITAF.

2.2. ITAF.

2.2.1. The ITAF is the administrator of this Agreement.

2.2.2. The ITAF—Logistical Command—Support Services is the point-of-contact for the day-to-day operation and administration of this Agreement.

III. OPERATION

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

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

3.3. The Parties shall issue or replace product that conforms to the specifications in NATO Standardization Agreement (STANAG) 1135 modified per STANAG 1110.

3.4. Documentation.

3.4.1. DESC shall maintain documentation of fuel receipts and issues for the U.S. DoD.

3.4.2. The Logistical Command – Support Services shall maintain documentation of fuel receipts and issues for the ITAF.

3.4.3. Aviation and ground fuel supplied by the issuing Party pursuant to the provisions of this Agreement shall meet the quantity and quality provisions specified in Annex C and Article IV 4.1.4

3.4.4. The Party supplying fuel shall document transactions on the Fuel Sale Slip in accordance with STANAG 3113. Fueling forms shall be complete, legible and verifiable by both Parties. Minimum data requirements are defined in Annex A. The receiving Party shall accept the completed forms as adequate proof of fuel exchange.

3.4.5. Changes to addresses in Annex B may be conveyed via an exchange of letters and attached to this Agreement without formal amendment to this Agreement.

IV. RECONCILIATION AND SETTLEMENT

4.1. Reconciliation.

4.1.1. Each Party shall present a monthly entry record to the other Party. The entry record shall include a spreadsheet specifying the individual transactions with copies of the individual refueling transaction documents.

4.1.2. Reconciliation Meetings.

4.1.2.1. The Parties shall meet annually to reconcile accounts and arrange settlement. Account balances should be offset to the maximum extent possible. In order to facilitate the settlement and reimbursement of accounts, the Parties may accept the balances of a Third Party with the written consent of the Parties and the Third Party.

4.1.2.1.1 With the consent of the Parties, the Third Parties may attend the annual meetings and be involved in the reconciliation of accounts.

4.1.2.2. Accounts for each product shall be reviewed and reconciled. Questionable items shall be carried forward to the next settlement period in order to give the Parties time to perform research.

4.1.2.2.1. Balances of aviation and ground fuel issued by the ITAF and U.S. Military Departments shall be offset in the order in which issues were made on a grade-by-grade basis. With the written consent of the Parties and, if necessary, the relevant Third Party, payments due to the supplying Party may be applied to the account of a Third Party as repayment by the debtor

party.

4.1.2.2.2. Reconciliation shall be fully documented and approved by the Parties and Third Party. Each Party and Third Party shall sign the reconciliation sheet.

4.1.2.2.3. Following a gallon-for-gallon offset, a minimum quantity of five million (5,000,000) U.S. gallons of aviation and propulsion fuel is established for replacement purposes. Quantities not settled through replacement shall be scheduled for payment within ninety (90) days.

4.1.3. The Parties and a Third Party have the right to reject transactions that are presented more than two (2) years after the transaction date.

4.1.4. For the purpose of settlement and reconciliation, aviation and ground fuel shall be issued in U.S. gallons or liters. Conversion of liters at fifteen degrees Centigrade (15°C) to U.S. gallons at 60° Fahrenheit (F) shall use 0.264172 U.S. gallons per liter. The following conversions apply to in-flight transactions: F-40 (JP4) 6.4 pounds per gallon (lbs/gal), F-44 (JP5) 6.8 lbs/gal, F-34 (JP8) 6.7 lbs/gal, and F-35 (Jet A1) 6.7 lbs/gal.

4.2. Settlement.

4.2.1. The Parties shall mutually determine whether the settlement occurs via product replacement or monetary settlement. Settlement for the Third Party will be in product only.

4.2.2. Settlement-in-Kind (Product)

4.2.2.1. Following the reconciliation, product balances other than NATO Fuel Codes F34 and F35 shall be converted to a monetary value using the current standard prices of the Party and Third Party owed. This monetary value shall then be converted to a jet fuel equivalent using the standard price of the Party and Third Party owed (standard price on the transaction date). After conversion, the computed quantities of jet fuel belonging to a Third Party shall be offset on a gallon-for-gallon, liter-for-liter basis to determine the quantity owed.

4.2.2.2. Replacement shall be scheduled within ninety (90) days of the settlement date unless the Parties agree in writing to another mutually agreed to date.

4.2.2.3. Bulk repayment of quantities in excess of three thousand five hundred (3,500) U.S. gallons shall be corrected to 15°C as specified in Annex C.

4.2.3. Monetary Settlement.

4.2.3.1. After reconciliation, remaining quantities shall be converted to a monetary value using the standard price of the Party owed as of the transaction date.

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

4.2.3.3. The owing Party shall make cash settlement within thirty (30) days of the invoice date/date prepared or within the legal timeframe prescribed by national law, not to exceed ninety (90) days. Payment shall be made to the address provided on the invoice. Electronic Funds Transfer (EFT) payment is considered the optimum form of payment

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. 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 the other Party ninety (90) days written notification of its intent to terminate. Any balance owed by the Parties shall be paid within one hundred eighty (180) days after termination. The Parties, in consultation, shall take action to limit the impact of termination on either Party.

5.5. Dispute. Any disputes regarding the interpretation of this Agreement or transactions executed hereunder shall be resolved through consultation between the Parties and shall not be referred to any national or international tribunal or third party for settlement.

5.6. Supersession. This Agreement supersedes the Protocol Between The United States Forces In Europe and The Italian Air Force Concerning Replacement-In-Kind Or Cash Payment After Issue of Aviation POL and Other Products Under STANAG 3113, dated August 28, 2001.

5.7. Effective Date and Duration. This Agreement shall become effective upon signature of both of the Parties and shall remain in effect for five (5) years. This Agreement shall be extended at the end of the five (5) year period for additional five (5) year periods unless objected to in writing by either Party at least ninety (90) days before the end of the five (5) year period. The Agreement shall not exceed 20 years.

VI. AUTHENTICATION: This Agreement shall be concluded in English.

This Agreement consists of six (6) Articles and three (3) Annexes.

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

FOR THE
U.S. DEPARTMENT OF DEFENSE

RICHARD J. CONNELLY
Director
Defense Energy Support Center

Date Signed: 7 JUNE 2006

Place Signed: Ft. Belvoir, VA 22060

FOR THE
LOGISTICAL
COMMAND OF THE
ITALIAN AIR FORCE

For **Brig. General ANGELO PAGLIUCA**
Chief of Services Support
IL CAPO DEL 5° UFFICIO
(Col. A.A.r.a.s. Vincenzo DE CA...)

Date Signed: 10/07/2006

Place Signed: Rome, Italy

ANNEX A

REQUIRED INFORMATION FOR FUEL SERVICING

A.1. Aircraft Aviation Fuel:

A.1.1. Issues to authorized aircraft or refueling units of the United States or ITAF as specified in Article III, shall be recorded on the Fuel Sale Slip. Forms shall be imprinted with the Jet Fuel Identaplate. Proper completion and signature of this form shall be accepted as evidence that the aviation fuels were provided. The Fuel Sale Slip shall contain the information as set forth below:

A.1.1.1. Receiving Parties Printed Name.

A.1.1.2. Receiving Parties Signature.

A.1.1.3. Receiving Parties Rank.

A.1.1.4. Receiving Parties Organization and Location (company name for commercial aircraft).

A.1.1.5. Date of Issue.

A.1.1.6. Place of Issue.

A.1.1.7. Aircraft or Vehicle Type and Number.

A.1.1.8. Aircraft Tail Number (must be all numbers) or Vehicle Number.

A.1.1.9. Quantity and unit of Issue.

A.1.1.10. Type of Product.

A.1.1.11. Signature of Supplying Party.

A.1.2. Completed copies of the form shall be annotated "Fuel Exchange." One copy of the issue voucher shall be furnished to the aircraft commander or to the person who signs for the fuel issue. Remaining copies of the issue voucher shall be processed in accordance with procedures prescribed by the U.S. Military Departments and ITAF for subsequent posting to the Fuel Exchange account.

A.1.2.1. For fuel issued by DESC, copies of the fuel vouchers shall be forwarded to ITAF monthly in accordance with Annex B.

A.1.2.2. For fuel issued by ITAF, copies of the fuel vouchers shall be forwarded to DESC-RR monthly in accordance with Annex B.

A.1.3. Air Refueling Operations.

A.1.3.1. Air refueling operations shall be conducted in accordance with STANAG 3113.

A.1.3.2. Information for air refueling operations shall be included on appropriate forms by personnel of the Party issuing the fuel. Completed forms shall be annotated "Fuel Exchange" and one copy of each form shall be mailed monthly to the party receiving the fuel. One copy shall also be forwarded to DESC-RR.

A.1.4. The following information shall be provided for Air Refueling Operations:

A.1.4.1. Receiving or issuing Party.

A.1.4.2. Mission place, date and time.

A.1.4.3. Type of aircraft.

A.1.4.4. Aircraft tail number (must be filled).

A.1.4.5. Aircraft call sign.

A.1.4.6. Home base.

A.1.4.7. Type of fuel.

A.1.4.8. Quantity issued in pounds.

A.1.4.9. Quantity issued in U.S. gallons.

A.1.4.10. Printed name and grade of tanker boom operator.

A.2. Vehicle Ground Fuel.

A.2.1. ITAF issues of vehicle ground fuel shall be recorded on the Fuel Sale Slip. The Fuel Sale Slip shall contain all information outlined in A.1.1.1. through A.1.2. above.

A.2.2. U.S. DoD issues of vehicle ground fuel shall not normally be recorded on paper supporting documentation. The U.S. DoD Automated Fuel Service Stations are unmanned and do not provide paper receipts for ground fuel purchases. Since no documents shall be generated, usage of the Vehicle Information Link (VIL) key constitutes acceptance of the charges to this account. A summary of transactions shall be provided along with the RIK invoice, but individual transaction documents shall not be provided.

A.2.3. To receive ground fuel from the U.S. DoD, ITAF shall request the base fuels operation make a VIL key entry according to the format in Attachment 1 of this Annex. VIL keys shall be coded with an expiration date. Responsibility for ensuring VIL keys are recoded when vehicles

change ownership/units is the responsibility of ITAF. An example of the request is at Attachment 1 of this Annex.

A.2.4. During the reconciliation conference, ground fuel quantities shall be converted on a cost basis using the applicable U.S. DoD standard price to an equivalent value of aviation fuel quantity and reimbursed as aviation fuel.

Attachment 1 to Annex A

MEMO FOR RECORD

FROM: (Name of ITAF Organization Requesting VIL Keys)

SUBJECT: Vehicle Information Link (VIL) Key Request

TO: (Name of U.S DoD Organization and Office Symbol for Office Responsible for Encoding VIL Keys)

Request Vehicle Information Link (VIL) keys for the vehicles listed in Attachment 1 to this memo. The VIL Keys must be encoded with the following financial billing data:

Customer "T" DoDAAC: TFITA1
Fund Code: XP
Signal Code: A
Supplemental DoDAAC: ITAF Unit Number (6 digits)

By signing this request for the VIL Keys with the appropriate billing data, the ITAF acknowledges responsibility for payment of fuel bills for purchases based on VIL key readers from Automated Fuel Service Station that are fully automated and do not provide paper receipts for fuel purchases.

(Signature)

Typed Name of Customer
Organization and Office

1 Attachment, Vehicle List

Vehicle Type	Model/Year	Vehicle ID Number/Unit Number	Grade of Fuel
		(License plate/Tag Number if rental/lease vehicle)	

ANNEX B

MAILING ADDRESSES FOR DOCUMENTATION AND PAYMENT

B.1. For U.S. DoD:

B.1.1. Invoices for each refueling provided to U.S. DoD shall be forwarded to:

DESC-RR, Bldg 1621-K
2261 Hughes Avenue, Suite 128
Lackland AFB, TX 78236-9828
USA

B.1.2. Payments shall be forwarded to:

DFAS-ADPSD/CA
3990 East Broad Street
Columbus, OH
43218-2204
USA

B.2. For the Italian Air Force (ITAF)

B.2.1. Invoices for each refueling provided to the ITAF shall be forwarded to:

MINISTERO DIFESA
AERONAUTICA MILITARE
COMANDO LOGISTICO
Servizio dei Supporti
Viale dell'Università n. 4
00185 – ROMA

B.2.2. Payments shall be forwarded to:

MINISTERO DIFESA
DIREZIONE GENERALE DEGLI
ARMAMENTI AERONAUTICI
3° Reparto – 12^ Divisione
Viale dell'Università n. 4
00185 – ROMA

ANNEX C

QUALITY

C.1. Product issued to either Party shall meet the specifications defined in STANAG 1135 with permitted modifications listed in STANAG 1110. Quality surveillance of the petroleum products supplied shall be performed in accordance with STANAG 3149.

C.2. Product issued into aircraft from refueling units or hydrant systems and into refueling units from a fillstand shall be metered by way of a temperature compensated meter. Meters must be calibrated according to STANAG 3756 and register in U.S. gallons or liters. Conversion of liters at 15° C to U.S. gallons at 60° F shall use 0.264172 U.S. gallons per liter or conversely 3.78541 liters per U.S. gallon.

C.3. When a temperature compensating meter is not used for product issued to refueling units, the quantity issued shall be converted to a Net Standard Volume, either in liters at 15° C or U.S. gallons at 60° F. Measurement shall be made in accordance with locally approved procedures. Conversion of liters at 15° C to U.S. gallons at 60° F shall use 0.264172 U.S. gallons per liter or conversely 3.78541 liters per U.S. gallon.

C.4. Every attempt shall be made to reach consensus on the quantity of fuel exchanged. In the event a discrepancy cannot be resolved, the quantity determined by the issuing authority shall be considered conclusive and the details of the discrepancy reported to each Party's Agreement Administrator for resolution during the Reconciliation and Settlement phase. Bulk product replaced to the ITAF under this Agreement shall conform to NATO Fuel Code F35 with corrosion inhibitor or NATO Fuel Code F34 without fuel system icing inhibitor (FSII) and static dissipater additive (SDA).