



DLA
DEFENSE LOGISTICS AGENCY
Established 1961



The Nation's Combat Logistics Support Agency

Doing Business with Bulk Petroleum Products

Joshua Catlin, Director,
Bulk Petroleum Products



WARFIGHTER ALWAYS



Organization Chart

Joshua Catlin - Director Candis Schiefer - Deputy Director Sean Lucas - Purchase Analyst OET/BEM				
DOMESTIC EAST I/ SPECIALTY PROCUREMENT		DOMESTIC EAST II		DOMESTIC WEST
Shane Banks-Division Chief		Joe Yacovone-Division Chief		Vacant-Division Chief
Vacant-KO	Kirk Gamblin-KO	Shannon Coleman-KO		Adam Gugelman-KO
WESTPAC/MIDDLE EAST		EUROPE/AFRICA		
Clare Sanchez-Division Chief		Stephany Officer-Division Chief		
Christopher Clement-KO		Ryan Logan-KO		



Purchase Programs – Bulk Supply

- Western Pacific/Middle East (WESTPAC)
- Inland/East/Gulf Coast (IEG)
- Atlantic/Europe/Mediterranean (AEM)
- Rocky Mountain/West (RMW)

Contracted for over 3.1B USG of product (jet and marine diesel fuels) with award value of \$6.2B in FY22 under four annual regional procurement programs





Bulk Supply Timelines

- Program Timelines
 - Programs staggered throughout the year
 - Awards planned for 60 days in advance of Period of Performance

PROGRAM	ISSUE RFP	AWARDS	PERIOD OF PERFORMANCE
AEM	NOV 2023	APR 2024	JUL 2024 - JUN 2025
RMW	JAN 2024	JUL 2024	OCT 2024 - SEP 2025
WESTPAC	APR 2024	OCT 2024	JAN 2025 - DEC 2025
IEGC	JUN 2023	JAN 2024	APR 2024 - MAR 2024



Bulk Overview

- **Primary Products Procured**
 - JAA/JA1/JP8 Aviation Commercial Product/ Military Specification
 - F76 Navy Distillate fuel
 - JP5 Marine Aviation Fuel
- **Petroleum Products in Large Volumes**
 - Award Indefinite-Quantity and some Requirements-type contracts
 - Estimated quantity with a 75 percent minimum lift guarantee
 - Fixed-Price with Economic Price Adjustment
 - Price tied to market price indicator with fixed margin
 - Weekly/daily price changes
 - Based on commercial market for petroleum prices
- **Focus on Inventory and Distribution Alternatives**
 - Maintain Peacetime Operating Stocks and War Reserve Materiel Management Levels
 - Bid Evaluation Model (BEM) used for award and distribution patterns



Overview (cont'd)

- Contract with both refiners and distributors
- Award on FOB Origin or FOB Destination basis
- Distribution may be direct to demand point or through intermediate defense fuel support points (DFSPs)
 - Intermediate storage sometimes necessary as a result of extensive lead times for transit



Overview (cont'd)

- Global distribution system uses commercial transportation assets
 - Pipelines
 - Ground transportation (Railcar and Truck)
- Military Sealift Command provides Tanker and Barge support
 - Tanker fleet on annual per diem
 - Barge and extra Tankers on contract basis





Overview (cont'd)

- Supply and shipping batch sizes tend to be large
 - Refinery “batch” sizes typically are 10,000 barrels and up
 - Commercial pipelines typically have large minimum batch sizes
 - Barge and Tanker full loads between 50,000 and 350,000 barrels
- Customer demand often less than 200 barrels per delivery (one truck)



Overview (cont'd)

- Socio-Economic considerations
 - Small Business set-asides (price matching)
 - Historically Underutilized Business (HUB) Zone Premium program
- Resources:
 - DLA Small Business Office
<https://www.dla.mil/SmallBusiness/>
 - WWEC SB Session



WESTPAC Program Description

- **Delivery Period:**
 - Jan 1, 2025 – December 31, 2025, plus a 30-day carryover period
- **Products:**
 - JA1, JP5, F76
- **Delivery Modes:**
 - Tanker, Shallow Draft Tanker, Barge, Tank Truck, Railcar, and/or Pipeline
- **Customers Served:**
 - Pacific and Middle East (Military/DoD facilities)



IEGC Program Description

- **Delivery Period:**
 - April 1, 2024 through March 30, 2025, plus a 30-day carryover period
- **Products:**
 - JP8, JAA, JP5, F76
- **Delivery Modes:**
 - Tanker, Barge, Tank Truck, Railcar, and/or Pipeline
- **Customers Served:**
 - Inland/East/Gulf coast (Military/DoD facilities)



AEM Program Description

- **Delivery Period:**
 - July 1, 2023 through June 30, 2024, plus a 30-day carryover period
- **Products:**
 - JP8, JA1, JP5, F76
- **Delivery Modes:**
 - Tanker, Pipeline
- **Customers Served:**
 - Atlantic, Europe and Mediterranean (Military/DoD facilities)

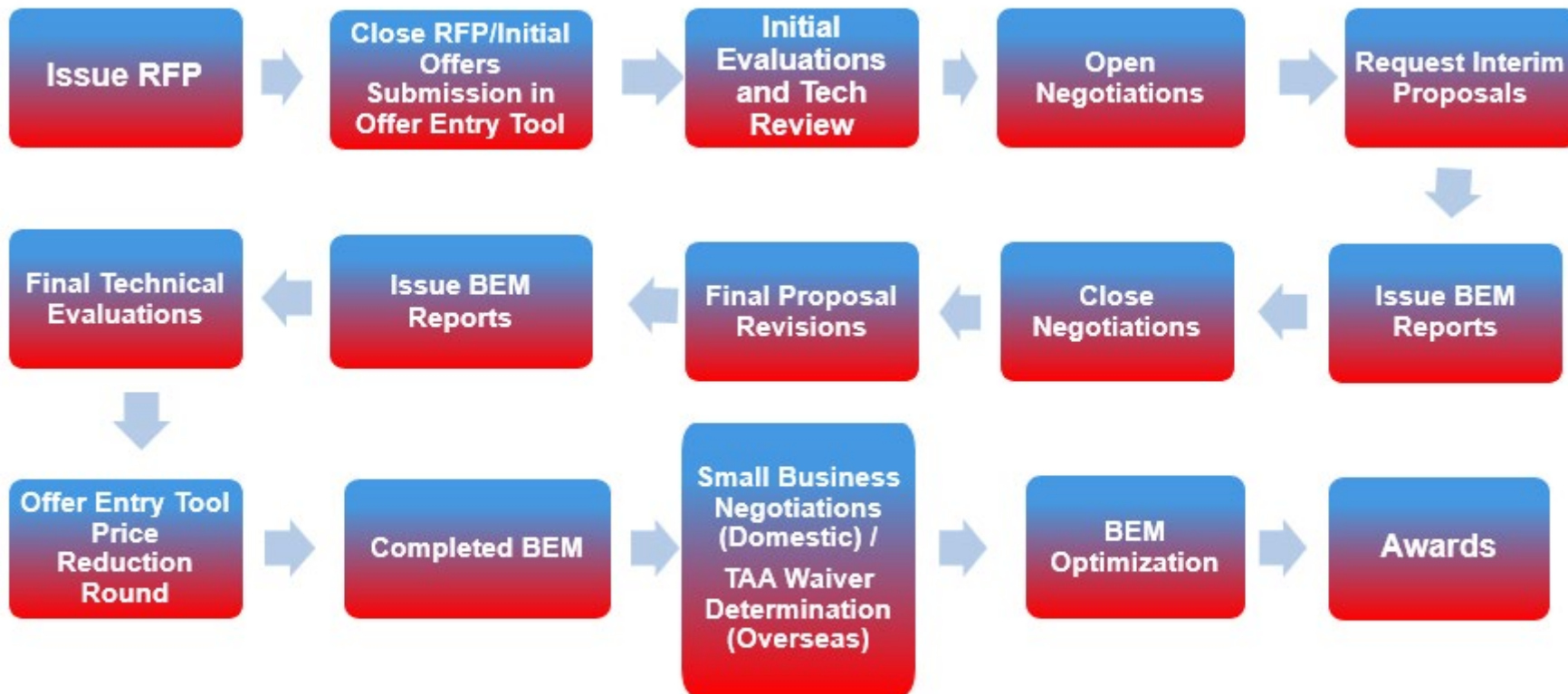


RMW Program Description

- **Delivery Period:**
 - October 1, 2024 through September 30, 2025, plus a 30-day carryover period
- **Products:**
 - JAA, JA1, JP5, F76
- **Delivery Modes:**
 - Tanker, Barge, Tanker Truck and/or Pipeline
- **Customers Served:**
 - Rocky Mountain and West Coast (Military/DoD facilities)



Procurement Process





Bid Evaluation Model (BEM)

- Awards made based on lowest overall cost across all requirements to DoD taking into account offer pricing, transportation to point of sale and other cost factors
- Model calculates costs of all possible ways to connect an offer to a requirement
 - All offer lines considered individually
 - All possible transportation modes considered
 - Applicable node/arc combinations up to six iterations to connect offerors and requirements
 - All offer options (such as “either/or” options for JP5 or JP8) and considerations (offer maximums/minimums) and additive possibilities
- Each arc of a route is monetized and added to the offer (up to six legs)
- Includes intermediate throughput costs and evaluation factors



Specialty Programs - Supply

- Deep Freeze (AN8/JP5/MUM)
- Jet Propellant Thermally Stable (JPTS)
- Lubricating Oils (L06, L40, LTL, LA6, CLB)
- Additives (FSII/CI/LIA)
- Kuwait Supply (JA1, DF2, MUR)
- Al Dhafra AB Supply (JP8)
- Coast Guard (Sustainable Aviation Fuel (SAF))
- FMS Israel (JP8, Diesel Fuel EN590)





Specialty Programs - Services

- Domestic Truck Transportation (JAA)
- Hawaii ISO Container Transportation
- Tsurumi Barge Transportation (JA1/JP8)
- Kuwait Truck Transportation (JA1, DF2, MUR)





Supplier Engagement Initiatives

- Post-pandemic return:
 - WWEC every 2 years
 - Bulk Program Preproposal Conferences every 2 years
 - Bulk Supplier Engagement events
 - Supplier Advocate Team (coming soon)
 - Industry Days



Bulk Petroleum Products Recommended WVEC Sessions

- BEM and Offer Entry Tool (OET) Training
- IEGC Preproposal Conference
- Small Business Session
- Networking Sessions



