



# Department of Defense **INSTRUCTION**

**NUMBER** 4140.25

June 25, 2015

Incorporating Change 3, December 31, 2019

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USD(A&S)

**SUBJECT:** DoD Management Policy for Energy Commodities and Related Services

**References:** See Enclosure 1

1. **PURPOSE.** This instruction:

a. Reissues DoD Directive (DoDD) 4140.25 (Reference (a)) as a DoD instruction (DoDI) in accordance with the authority in DoDD 5134.01 (Reference (b)).

b. Establishes policy, assigns responsibilities, and provides procedures for sizing, acquiring, and managing petroleum operating stocks (OS) and pre-positioned war reserve stocks (PWRS).

c. Establishes policy, assigns responsibilities, and provides guidance for the procurement of alternative fuels.

2. **APPLICABILITY.** This instruction applies to OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, 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 DoD (referred to collectively in this instruction as the "DoD Components").

3. **POLICY.** It is DoD policy that:

a. DoD energy commodities and related services support the full range of military operations.

b. Commercial and host-nation sources of supply are used to the maximum extent to meet peacetime and wartime requirements.

c. Joint adaptive planning and execution, requirements, and acquisition processes minimize the types of fuel required to increase standardization, flexibility, and interoperability.

d. Alternative fuels are obtained using the DoD's standard fuel procurement programs. Alternative fuels for operational purposes are purchased when cost-competitive with traditional fuels and when qualified as compatible with existing equipment and infrastructure.

e. Fuel systems are qualified to use available commercial-type fuels, including alternative fuels.

f. Bulk petroleum inventories are managed consistent with the needs of U.S. military forces worldwide to achieve the greatest practical flexibility, sustainment of forces, and minimization of DoD expenses.

g. PWRS are designated as starter or swing stocks, or both, in accordance with DoDI 3110.06 (Reference (c)). Petroleum war reserve requirements (PWRRs) are used as the basis for PWRS once resupply sources are established for an executed operation plan.

h. Government-owned energy commodity infrastructure is minimized through use of commercial capabilities and privatization, except when such infrastructure is needed for unique security reasons or when privatization is uneconomical or impractical.

4. RESPONSIBILITIES. See Enclosure 2.

5. RELEASABILITY. **Cleared for public release**. This instruction is available on the Directives Division Website at <https://www.esd.whs.mil/DD/>.

6. SUMMARY OF CHANGE 3. This change is administrative and updates references and organizational symbols and realigns responsibilities within the Office of the Secretary of Defense for Acquisition and Sustainment to reflect the reorganization of the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, pursuant to the July 13, 2018 Deputy Secretary of Defense Memorandum (Reference (d)).

7. EFFECTIVE DATE. This instruction is effective June 25, 2015.

A handwritten signature in black ink, appearing to read 'Frank Kendall', with a long horizontal flourish extending to the right.

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

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ENCLOSURE 1

REFERENCES

- (a) DoD Directive 4140.25, “DoD Management Policy for Energy Commodities and Related Services,” April 12, 2004 (hereby cancelled)
- (b) DoD Directive 5134.01, “Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)),” December 9, 2005, as amended
- (c) DoD Instruction 3110.06, “War Reserve Material (WRM),” January 7, 2019
- (d) Deputy Secretary of Defense Memorandum, “Establishment of the Office of the Under Secretary of Defense for Research and Engineering and the Office of the Under Secretary of Defense for Acquisition and Sustainment,” July 13, 2018
- (e) Executive Order 13603, “National Defense Resources Preparedness,” March 16, 2012
- (f) Section 6241(h) of Title 42, United States Code
- (g) Public Law 102-396, “Department of Defense Appropriations Act, 1993,” October 6, 1992
- (h) DoD Directive 5134.12, “Assistant Secretary of Defense for Logistics and Materiel Readiness (ASD(L&MR)),” May 25, 2000, as amended
- (i) DoD Directive 4180.01, “DoD Energy Policy,” April 16, 2014, as amended
- (j) DoD Instruction 4170.11, “Installation Energy Management,” December 11, 2009, as amended
- (k) DoD Directive 5101.08E, “DoD Executive Agent (DoD EA) for Bulk Petroleum,” September 19, 2017, as amended
- (l) DoD Instruction 5530.03, “International Agreements,” December 4, 2019
- (m) Memorandum of Understanding Between the Department of Energy and the Department of Defense, May 9, 1994<sup>1</sup>
- (n) DoD 7000.14-R, Volume 2b, “Department of Defense Financial Management Regulation (FMR): Budget Formulation and Presentation,” current edition

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<sup>1</sup> Document can be obtained by contacting the ASD(S).

ENCLOSURE 2

RESPONSIBILITIES

1. UNDER SECRETARY OF DEFENSE FOR ACQUISITION AND SUSTAINMENT (USD(A&S)). The USD(A&S):

- a. Establishes policies, grants policy exceptions, and approves changes in responsibilities for management of energy commodities and related services.
- b. In accordance with Executive Order 13603 (Reference (e)), acts as DoD claimant to the Department of Energy (DOE) for required energy commodities.
- c. Ensures PWRS and petroleum OS are sized, acquired, managed, and positioned as specified in approved contingency plans, as applicable.
- d. Ensures DoD Components minimize investment in and inventories of energy commodities consistent with peacetime and contingency needs for U.S. military forces worldwide.
- e. Ensures compliance with the fuel standardization conversion and specification policies.
- f. Makes findings pursuant to section 6241(h) of Title 42, United States Code (Reference (f)) and recommendations pursuant to section 9149 of Public Law 102-396 (Reference (g)) for Strategic Petroleum Reserve (SPR) drawdowns.
- g. Oversees the implementation of this instruction.

2. ASSISTANT SECRETARY OF DEFENSE FOR SUSTAINMENT (ASD(S)). Under the authority, direction, and control of the USD(A&S) and in accordance with DoDD 5134.12 (Reference (h)), the ASD(S):

- a. Serves as the primary advisor for energy matters in accordance with DoDD 4180.01 (Reference (i)) and DoDI 4170.11 (Reference (j)).
- b. Develops policy and provides guidance for management of energy commodities and related services.
- c. Biennially reviews and approves the geographic PWRS days of supply (DOS) guidance.
- d. Reviews and approves Combatant Command (CCMD) requests for changes to aggregate PWRS.

e. Provides to the Under Secretary of Defense (Comptroller)/Chief Financial Officer, Department of Defense (USD(C)/CFO) PWRS DOS guidance and any approved changes to PWRR for budget and resource allocation process considerations.

f. Directs Defense Logistics Agency (DLA) coordination with the DOE, as required.

g. Oversees alternative fuel activities.

h. In consultation with the relevant DoD Component heads, develops findings and recommendations for SPR drawdowns and provides them to the USD(A&S), when requested.

3. DIRECTOR, DLA. Under the authority, direction, and control of the USD(A&S), through the ASD(S), and in addition to the responsibilities in section 7 of this enclosure, the Director, DLA:

a. Executes integrated materiel management responsibility for energy commodities by providing procurement, transportation, distribution, ownership, accountability, budgeting, and quality assurance and surveillance to the point of sale.

b. Supports the DoD Components for competitive coal, electricity, and natural gas procurement, transportation, accountability, budgeting, quality assurance and surveillance, and distribution in accordance with Reference (j).

c. Assists the DoD Components with global energy commodity infrastructure privatization and demand management, including technical and contract support for the management of energy commodities.

d. Reviews and approves all cataloging changes (such as catalog expansion, streamlining, and maintenance) for energy commodities in the federal supply classes that DLA purchases.

e. In accordance with DoDD 5101.08E (Reference (k)), as the DoD Executive Agent for Bulk Petroleum owned by the DoD from source of supply to the point of customer acceptance:

(1) Collaborates with the Joint Staff and the Office of the ASD(S) on PWRR and PWRS levels.

(2) Ensures approved changes to PWRR, PWRS, and OS are incorporated into the bulk petroleum inventory management plan (IMP) annually or quarterly, when substantive changes occur.

(3) Plans, programs, manages and budgets, in coordination with the Military Departments and CCMDs, for sustainment, restoration, modernization, maintenance, repair, and environmental compliance of bulk petroleum storage and distribution facilities.

(4) Plans, programs, and budgets, in coordination with the Military Departments and CCMDs, for construction of new permanent bulk petroleum storage and distribution facilities.

(5) Negotiates and concludes international agreements for bulk petroleum, petroleum-related laboratory testing, bulk petroleum facilities, distribution, and replacement-in-kind fuel exchanges, and any related services in accordance with DoDD 5530.03 (Reference (1)).

(6) Plans, programs, and budgets for contract storage and associated services required in support of the DLA bulk petroleum management mission.

(7) In conjunction with Combatant Commanders (CCDRs), provides support to acquire necessary bulk petroleum products or fuel additives storage, or provides services to meet operational and contingency requirements.

(8) Provides technical support involving military specifications. Coordinates with military technical authorities when operational situations require that other-than-specified fuels be used to meet operational requirements. In such situations and as appropriate, grants policy waivers on fuel standardization after coordination with the DoD Components.

(9) Develops procedures for and provides program management of the DoD fuel card program, which DoD Components use to purchase fuel and related services.

(10) In coordination with the Military Departments, operates, maintains, and establishes contracts for laboratories necessary to test samples of petroleum-related products submitted for quality assurance and quality surveillance.

(11) When directed by the ASD(S) and in accordance with the DoD/DOE Memorandum of Understanding (Reference (m)), coordinates with the DOE regarding the DoD's SPR allocation.

(12) Coordinates with DoD Components, participating federal agencies, and participating foreign forces for bulk petroleum requirements where the United States is the designated fuels role support nation.

(13) When requested by the ASD(S), assesses the effect(s) of an SPR drawdown.

(14) Improves support to the warfighter by ensuring efficient and effective customer support for bulk petroleum.

(15) Acquires, stores, and distributes bulk petroleum with associated fuel additives to all DoD Component customers wherever and whenever it is needed across the full range of operational situations, with the goal of providing the appropriate fuel support for every weapon system. Coordinates with the DoD Components on these matters when operational constraints may be implied.



(16) Integrates civil and military bulk petroleum capabilities when possible throughout the world where military operations occur.

(17) Provides support to the DoD Components on matters involving environmental compliance worldwide and remediation domestically to ensure DoD fuel transfers and storage are within applicable regulatory and environmental compliance requirements.

(18) Manages bulk petroleum information and financial accounting systems in accordance with Reference (k).

(19) In coordination with the DoD Components, provides visibility for U.S. Government, allied, coalition, host-nation, and commercial bulk petroleum assets in accordance with Reference (l).

(20) Procures leases, capitalizes, distributes and, through the use of contract services, maintains and centrally stores tactical equipment, under special agreement with the Military Departments.

(21) Provides terminal operation, service, and visibility of fuel assets.

(22) In coordination with the DoD Components, defines requirements and identifies and optimizes the life-cycle process of standardized bulk petroleum handling equipment.

(23) Participates in joint operations planning and execution processes:

(a) Negotiates agreements with the CCDRs that establish levels of support for bulk petroleum. When feasible, these agreements are performance-based.

(b) Coordinates with the DoD Components to ensure fuel requirements, operations, and constraints are addressed in the fuels annex of contingency plans with assigned time-phased force deployment data, as applicable.

(c) Plans and negotiates, in coordination with the DoD Components, formal host-nation, allied, and coalition support and the development and release of bulk petroleum information in accordance with Reference (l).

(24) Coordinates with the DoD Components to expand joint bulk petroleum training capabilities for DoD civilian and military personnel using common terminology, industry and DoD best practices, and a common curriculum for interoperability.

(25) Establishes and chairs, in coordination with the DoD Components, various forums to engage in project prioritization and resource allocation to ensure appropriate energy commodity support.

(26) In conjunction with the DoD Components, develops standardized quality policy and procedures across the supply chain to reflect weapon systems requirements and maximize effectiveness and efficiency for the management of energy commodities and related services.

(27) Establishes performance-based agreements with the DoD Components to set mutually agreed-upon expectations for the management of energy commodities and related services.

(28) Holds PWRS in Defense Fuel Support Points (DFSPs) to support war reserve requirements at the levels specified in the IMP.

(29) Chairs a DoD Component steering group (CSG) for the supply chain management of bulk petroleum products and services.

4. UNDER SECRETARY OF DEFENSE FOR POLICY (USD(P)). The USD(P), when requested, assesses the effect(s) of an SPR drawdown.

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

a. Establishes financial policies and guidance for the management of energy commodities and related services, in coordination with the USD(A&S).

b. Uses the approved PWRS DOS guidance to ensure that revolving fund accounts for petroleum are run in accordance with Volume 2b of DoD 7000.14-R (Reference (n)).

c. Maintains resource management processes to address changes to PWRR that result in higher inventory levels.

6. DoD COMPONENT HEADS. The DoD Component heads:

a. Minimize energy commodity inventories consistent with peacetime and contingency needs for U.S. military forces worldwide.

b. Ensure adequate organic capabilities exist to discharge the responsibilities in this instruction.

c. Participate as members in the DoD CSG.

d. Comply with standardized equipment and training recommendations endorsed by the DoD CSG.

7. SECRETARIES OF THE MILITARY DEPARTMENTS. In addition to the responsibilities in section 6 of this enclosure, the Secretaries of the Military Departments:

a. Budget for and reimburse the DLA for energy commodities and services provided through the Defense Working Capital Fund DoD Standard Price Structure.

b. Store PWRS in DFSPs to support war reserve requirements at the levels specified in the IMP.

c. Calculate wartime petroleum demands based on CCMD plans. Establish daily wartime demand profiles and PWRR by location in accordance with Joint Staff planning guidance.

d. Plan, program, and budget for the operation and maintenance of bulk petroleum facilities located on DoD installations in support of their missions. Control the receipt, issue, quality surveillance, and management of bulk petroleum stocks in coordination with DLA.

e. Provide the necessary force structure consistent with contingency plans to install and operate tactical petroleum storage and distribution systems.

f. Help DLA select and assign priority to the petroleum military construction (MILCON) projects. Provide technical support to identify and execute projects for DLA-funded maintenance, repair, environmental compliance, and construction at Service bulk petroleum facilities.

g. Participate in the joint petroleum planning community to collaborate on worldwide petroleum requirements and provide inputs for IMP development.

h. Collaborate with CCDRs on all changes to PWRR. Submit all changes through the CCDRs to the Joint Staff for review and validation.

i. Maintain sufficient petroleum-related product quality testing capabilities in support of operational mission requirements.

j. Prioritize bulk petroleum infrastructure MILCON projects.

8. SECRETARY OF THE ARMY. In addition to the responsibilities in sections 6 and 7 of this enclosure, the Secretary of the Army provides the materiel, personnel, and management required to conduct overland petroleum distribution from the high water mark, including inland waterways.

9. SECRETARY OF THE NAVY. In addition to the responsibilities in sections 6 and 7 of this enclosure, the Secretary of the Navy provides the materiel, personnel, and management required to conduct:

- a. Forward-deployed seaward bulk petroleum to support the joint force at sea.
- b. Over-the-shore petroleum distribution to the high water mark.

10. SECRETARY OF THE AIR FORCE. In addition to the responsibilities in sections 6 and 7 of this enclosure, the Secretary of the Air Force distributes petroleum products by air for situations demanding immediate support in remote locations.

11. CHAIRMAN OF THE JOINT CHIEFS OF STAFF (CJCS). In addition to the responsibilities in section 6 of this enclosure, the CJCS:

- a. Establishes a joint planning petroleum community to collaborate on worldwide petroleum requirements and develop recommendations for the annual IMP, PWRR, and biennial DOS guidance.
- b. Reviews and validates all CCMD requests for changes to PWRR.
- c. Provides recommended PWRR DOS guidance at least biennially to the ASD(S) for approval.
- d. Reviews logistics annexes to ensure energy commodity requirements, sustainability, and supportability issues are addressed during plan development.
- e. Provides guidance for energy commodity support information required in planning, including PWRR DOS and sourcing guidance.
- f. Identifies energy commodity reporting requirements and strategic information needed to assess petroleum capabilities for theater contingency requirements.
- g. When requested, assesses the effect(s) of an SPR drawdown.

12. CCDRs. Through the CJCS and in addition to the responsibilities in section 6 of this enclosure, CCDRs:

- a. Coordinate with DLA to develop and implement plans for compliance with the fuel standardization policy. Coordinate the implementation of the fuel standardization policy with supporting host-nations and combined forces commands.
- b. Coordinate with DLA to plan and manage the intra-theater and inter-theater receipt, storage, and distribution of bulk petroleum.
- c. Help DLA select and prioritize bulk petroleum infrastructure MILCON projects.

d. Consolidate PWRR for approved plans from respective military theater commanders. Submit total PWRR for each approved plan to the Joint Staff for review and validation.

e. Develop joint planning that minimizes the types of fuels required, and ensure energy commodity requirements are published in contingency plans.

f. Incorporate energy commodity requirements and constraints into joint training and exercises.

g. Submit requests for changes to PWRR to the Joint Staff for aggregation and to DLA Energy for IMP adjustments.

h. Prepare recommended PWRR DOS guidance at least biennially.

i. Plan and coordinate formal host nation support agreements. Develop and release combined or alliance petroleum planning data as required. Assist DLA, as necessary, to negotiate and conclude international agreements for energy support.

j. In coordination with the Director, DLA, and the CJCS, release or reallocate DLA-held PWRS in emergencies, contingencies, or war.

k. Provide recommendations to make maximum use of available stocks in adjacent theaters to support respective CCMD regional contingency requirements.

GLOSSARY

PART I. ABBREVIATIONS AND ACRONYMS

ASD(S)	Assistant Secretary of Defense for Sustainment
CCDR	Combatant Commander
CCMD	Combatant Command
CJCS	Chairman of the Joint Chiefs of Staff
CSG	component steering group
DFSP	Defense Fuel Support Point
DLA	Defense Logistics Agency
DoDD	DoD directive
DoDI	DoD instruction
DOE	Department of Energy
DOS	days of supply
IMP	inventory management plan
MILCON	military construction
OS	operating stocks
PWRR	petroleum war reserve requirements
PWRS	pre-positioned war reserve stocks
SPR	Strategic Petroleum Reserve
USD(A&S)	Under Secretary of Defense for Acquisition and Sustainment
USD(C)/CFO	Under Secretary of Defense (Comptroller)/Chief Financial Officer, Department of Defense
USD(P)	Under Secretary of Defense for Policy

## PART II. DEFINITIONS

These terms and their definitions are for the purposes of this instruction.

alternative fuel. Fuel that is not derived predominantly from petroleum.

bulk petroleum. A liquid product including petroleum, fuel additives, oils, lubricants, and alternative fuels, procured by the DLA, transported and delivered by various means, and stored in tanks or containers having an individual fill capacity greater than 208 liters (55 U.S. gallons). The Enterprise Business System accounts for bulk petroleum inventory and financial transactions.

drawdown. Referred to in section 6241(h) of Reference (f).

energy commodity. Energy product typically purchased in bulk by DLA, such as petroleum, natural gas, coal, electricity, steam, propellants, chemicals, fuel additives, pure gases, and cryogenic fluids.

fuel additives. Substances added to fuel to enhance efficiency and performance.

high water mark. The maximum point on the shore where the highest tide reaches permanently or periodically due to tidal activity.

integrated materiel management. Any activity or agency that has been assigned the responsibility for the DoD Components and participating federal agencies to manage the supply support (e.g., cataloging, requirements determination, procurement, distribution overhaul, repair, disposal of materiel).

OS. Fuel required to sustain daily operations and ensure fuel inventory levels and positioning adequate to support U.S. military forces worldwide. OS was formerly known as peacetime operating stock.

PWRR. Fuel inventory level required in support of the Secretary of Defense planning guidance that is positioned at or near the point of planned use, before hostilities. 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.

role support nation. A nation that assumes the responsibility for procuring and providing a broad spectrum of logistics support for all or a part of the multinational force or headquarters. Compensation and reimbursement then will be subject to agreements between the parties involved. The nation also may assume the responsibility to coordinate logistics of the other nations within its functional and regional area of responsibility.

supply chain management. The integrated process of supply chain materiel management begins with planning the acquisition of customer-driven materiel requirements for commercial sources

and ends with the delivery of materiel to operational customers. It includes the materiel returns segment of the process, the flow of reparable materiel to and from maintenance facilities, and the flow of required information in both directions among suppliers, logistics managers, and customers.