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ACTION OFFICER (Name and Grade)	OFC SYMBOL	PHONE	TRACKING #	SUSPENSE DATE
[REDACTED]	ENERGY FEJ	[REDACTED]		

SUBJECT	DATE
Compelling Reasons Determination Request- Award of Into-Plane Fuel Contract to Air BP Ltd. for Constanta/Mihail Kogalniceanu (MK) Airport, Romania	

SUMMARY

1. Recommend that the DLA Energy Commander sign the attached proposed request for a compelling reasons determination (Tab 1) to authorize the award of an into-plane fuel contract to Air BP Ltd. for Constanta/Mihail Kogalniceanu (MK) Airport, Romania to continue providing contracted fuel purchases for US military aircraft and other federal aviation customers at this location. Air BP is the incumbent contractor at MK Airport.

2. DLA Energy solicited commercial and military specification aviation fuel for an into-plane contract at MK Airport, Romania for the period 1 OCT 2013 - 30 SEPT 2016. Only one offer, from AIR BP Ltd., was received and market research confirms that AIR BP Ltd. is the sole into-plane fuel provider at MK Airport and only known provider of JP8 in the Bulgaria/Romania Region. These are strategically critical requirements that must be filled, and no other refueling options will meet mission requirements. The alternative to awarding a contract is purchasing non-contract fuel from Air BP pursuant to a December 7, 2012 compelling reasons determination for non contract locations where Air BP is the sole provider. However, non contract fuel does not provide an assured supply of JP-8 military specification fuel to meet TRANSCOM requirements. Non-contract fuel would cost an additional \$1,158,349 and could be as high as \$18.2M annually if fuel requirements increased to 200,000 gallons per day.

3. Pursuant to FAR 9.405(a), DLA Energy requests the Agency Head to determine that compelling reasons exist to award an into-plane fuel contract to Air BP Ltd. for MK Airport, Romania where Air BP Ltd. is the sole into-plane fuel provider and sole provider of JP8 in Romania/Bulgaria.

4. BACKGROUND. The Environmental Protection Agency (EPA) suspended BP PLC and its affiliates, including Air BP, on November 28, 2012 and confirmed the suspension on July 19, 2013. Under the suspension, no new contracts may be awarded to Air BP without a compelling reasons determination. The DLA Director previously signed a compelling reasons determination on December 7, 2012 authorizing purchases of non-contract fuel when Air BP was the only provider at a commercial airport. However, the purchase of non-contract fuel would cost \$.25 a gallon more and thus not be cost effective. Therefore, the request is being made pursuant to FAR 9.405(a).

[REDACTED] y Commander sign the compelling reasons determination request.

- Director, Direct Delivery Fuels
- 4 Tabs:
1. Compelling Reasons Determination Request
 2. DLA Acquisition SSS
 3. Proposed Memorandum for DLA-D
 4. Dec 7, 2012 Compelling Reasons Determination

Request for Determination that Compelling Reasons Exist for Award of an Into-Plane Fuel Contract at Constanta/Mihail Kogalniceanu (MK) Airport, Romania to Air BP Ltd.

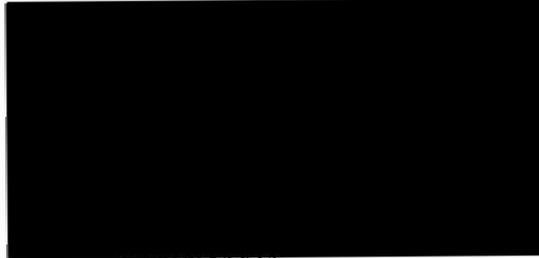
1. Defense Logistics Agency (DLA) Energy is the contracting activity. This request is made pursuant to FAR 9.405(a).
2. The Environmental Protection Agency (EPA) Suspension and Debarment Official suspended BP PLC and its affiliates on November 28, 2012, and confirmed the decision on July 19, 2013. The suspension was extended to Air BP Ltd. as an affiliate of BP PLC.
3. Air BP is the current contractor at Constanta/Mihail Kogalniceanu (MK) Airport, Romania and the performance period ends September 30, 2013. DLA Energy solicited for a follow-on contract under Request for Proposals No. SP0600-13-R-0209 for 4,633,395 gallons of aviation fuel for the period 1 OCT 2013 – 30 SEPT 2016. Air BP Ltd submitted the sole offer for all three line items (commercial Jet A-1 without FSII, military specification JP-8 for into-truck and into-plane delivery) for this location. Market research confirms that AIR BP Ltd. is the sole into-plane fuel provider at MK Airport. The estimated cost for a three-year contract is \$17,445,886.
4. MK Airport supports real world military operations, NATO/Joint Force exercises and TRANSCOM airlifts throughout the region. Due to the demands of the flight conditions and stringent military requirements for fuel utilized in those conditions, the majority of fuel required/utilized at this location is military specification JP-8. The requirements include estimates for TRANSCOM multi-modal operations that regularly transit MK Airport. These short term surge requirements exceed 400,000 USG of JP8 over a 15 day period in support of C17 and B747 aircraft. With the current lease agreement for the Transit Center at Manas potentially ending in the summer of 2014, MK Airport could become a main transit hub in addition to current TRANSCOM multi-modal operations. The existing JP-8 requirements at this location could increase to 200,000 USG per day. A follow-on into-plane contract for the entire solicited three-year period with Air BP would provide the ability to quickly ramp up fuel deliveries at this airport in the event that the requirements at MK Airport increased in 2014 and would provide contract coverage to sustain that level of support. Under the current into-plane contract at this location, Air BP has provided over 4.3 million USG of JP8 in total, and has provided support to several major USAFE exercises in Romania and Bulgaria where surge requirements have exceeded 800,000 USG of JP8. JP-8 is more difficult to obtain at commercial airports and Air BP is the only known into-plane fuel provider of JP-8 with the manpower, equipment, and expertise that is capable of meeting this demand in this region.
5. DLA Energy examined using the Air Card® to make non-contract purchases from Air BP under the existing compelling reasons determination for non-contract locations and not awarding a contract. However, non-contract fuel would cost an additional \$.25 per gallon, for a total estimated three-year increase of \$1,158,349. This would also result in additional costs to the customers because the standard price for non-contract fuel is higher than contract fuel. However, if the requirements at this location increased dramatically to 200,000 gallons per day due to increased TRANSCOM usage, it would be difficult to

sustain that level of support with non- contract purchases and the additional non-contract costs could be as high as \$18.2 million annually. Thus, a contract with Air BP provides an assured fuel supply to meet military requirements and is more cost effective than individual non-contract Air Card® purchases.

6. Based on the above reasons, DLA Energy requests a determination that there are compelling reasons to award an into-plane contract to Air BP at MK Airport, Romania for the period 1 OCT 2013 – 30 SEPT 2016.

26 Aug 13

Date



Commander
Defense Logistics Agency Energy