Orders related to manipulations during storage

1.1 Tank-to-tank transfer (TTT)

A tank-to-tank transfer is the physical transfer of product from one tank to the other. All tanks involved in pumping product are part of the same storage contract. Thus a tank-to-tank transfer is never associated with the transfer of ownership of goods.

Any discrepancies created in a tank-to-tank transfer are entered for the receiving tank. Unallowable discrepancies will result in an examination of the cause thereof. This examination is carried out by OPS. When the order is being closed, Customer Service checks whether this examination was carried out and what the results were.

The quantity of goods transferred is stablished on the basis of tank calculations. The liquid level height is measured before and after transfer. The difference between them is the quantity transferred. These tank calculations are made in Tomcat and are part of the administration.

The following example shows how a tank-to-tank transfer is entered.

Example 4
A customer sends a nomination to transfer 1,000 tonnes of gasoil from tank 1 to tank 2. According to the tank calculations for tank 1, 1,004 tonnes were pumped from this tank. According to the tank calculation for tank 2, 1,002 tonnes were received in this tank. This tank-to-tank transfer order is entered as follows:

Order no. 1234

Tank 1	Transfer to tank 2	-1,004
Tank 2	Transfer from tank 1	+1,002
Tank 2	Discrepancy	-2

A tank-to-tank transfer can only be entered on one order, whereby product is transferred from several tanks to one tank. Transferring product from one tank to several other tanks cannot be entered in one order, as a tank-to-tank transfer order must be created for each receiving tank.

If a portion of the products transferred has the T1 status and a portion of them the AAD status, the discrepancy is divided between the two statuses pro rata.

1.2 Stock Transfer (STR)

A stock transfer is virtually identical to a tank-to-tank transfer. This order also pertains to physical transfer of product from one tank to the next. The difference with regard to the tank-to-tank transfer is that in case of a stock transfer the outgoing tank pertains to a different storage contract than the receiving tank. In other words, the property of the goods transferred is shifted from the seller to the buyer.

1.3 Administrative Stock Transfer (AST)

An administrative stock transfer is an administrative order that does not involve any movement of physical product. These orders are also referred to as a status exchange.

The following example explains in more detail how this order type works.

A customer sends a nomination to transport 1,000 L15 of gasoil with an e-AD document from tank 1 to a terminal elsewhere. However, tank 1 holds 500 L15 of gasoil with AAD status and 500 L15 of gasoil with T1 status.

This customer has another stock of 2,000 L15 of gasoil with the same CN code in tank 7, of which 500 L15 have the AAD status and 1,500 L15 have the T1 status.

Situation before the administrative stock transfer:

Tank 1	**Tank 7**
500 L15 AAD	500 L15 AAD
500 L15 T1	1.500 L15 T1
1,000 L15	2,000 L15

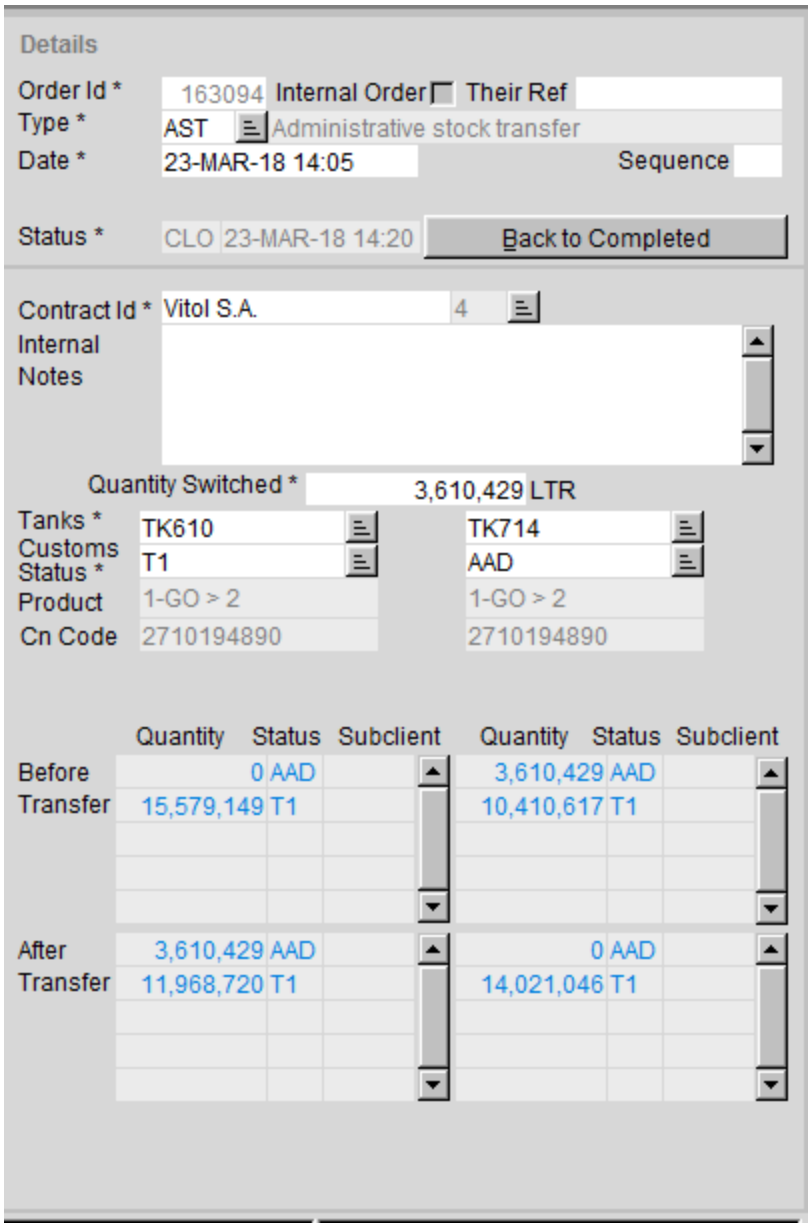
Situation after the administrative stock transfer:

Tank 1	**Tank 7**
1,000 L15 AAD	2,000 L15 T1

When entering an administrative stock transfer, Tomcat uses the following basic assumptions:

1) The total stock position for each relevant shore tank does not change;
2) The total stock positions for each customs status do not change;
3) An administrative stock transfer is only permitted for identical products, involving products with the same CN Code. Thus it is not permitted to have the status of T1 high-sulphur gas oil exchanged with AAD low-sulphur gas oil.

Please find underneath an example of this order type where a quantity of 3,610,429 L15 is changed in terms of the administrative status:


Details
Order Id * 163094 Internal Order Their Ref
Type * AST Administrative stock transfer
Date * 23-MAR-18 14:05 Sequence
Status * CLO 23-MAR-18 14:20 Back to Completed
Contract Id * Vitol S.A. 4
Internal Notes
Quantity Switched * 3,610,429 LTR
Tanks * TK610 TK714
Customs Status * T1 AAD
Product 1-GO > 2 1-GO > 2
Cn Code 2710194890 2710194890
Quantity Status Subclient Quantity Status Subclient
Before Transfer 0 AAD 3,610,429 AAD
15,579,149 T1 10,410,617 T1
After Transfer 3,610,429 AAD 0 AAD
11,968,720 T1 14,021,046 T1

1.4 Blending (BLE)

Customers request that various types of mineral oils are blended with one another as well as with additives. The result of the blending is that the specifications of the components used change, so that a mineral oil is created that meets the specifications requested by the customer. The background for this is that, in principle, customers sell their products all over the world. Since the fuel specifications required may differ from country to country, it is inevitable that blending be done during storage. All blendings are recorded in a separate blending (BLE order) in Tomcat.

If products with the same CN code but with a different customs status are stored in the same tank, this is treated as common storage and not blending from a customs perspective. However, in Tomcat blending is defined as the situation where there is more than one product code in tank. These products can have the same CN code. In Tomcat, blending occurs when products with different product codes are stored in one tank. Due to the different product codes in the administration this tank is not homogenous from an administrative point of view, and no outgoing movements of goods can be entered. Due to the fact that the product codes are not homogenous, it is unknown what product is actually moved. In order to end up with a homogenous tank from an administrative point of view, a blend order must be entered.

In Tomcat, the blend order is separate from the physical movement of the product. The reason for this is that customers can form a blend by storing various components in the relevant tank. This can be done by means of a discharge or by means of a tank-to-tank transfer. Working this way prevents double linkage of a CN Code to an intermediary product for a complex 4-component blend, since it remains a somewhat arbitrary decision that is not even necessary since the products do not leave the terminal in this intermediary form. The actual administrative processing will take place with a blending order after the “building” of the tank is finished and the new product is released.

The blending which takes place is related to Union and non-Union goods and take place under different customs permits. If the blend only involves Union goods, the blend is typically made er the excise warehouse regime. Although most additives have AAD status, it still happens that FRE status additives are added to goods with AAD status. After additivation, the entire tank will have AAD status, regardless of the status of the additives.

If any non-Union goods are involved in the blending, the non-Union goods are blended under the Inward Processing regime (IPR).

The following blends of non-Union goods, whereby the CN code of the non-Union goods that are blended is different from the CN code of the blend result, are covered by the IPR permit:
1) Gasoil blends whereby the sulphur concentration of more than 0.2% will result in a gasoil with sulphur concentrations of less than 0.2%,
2) Blends of gasoil and fuel oil producing low sulphur gasoil.

The blending activities which do not result in a tariff advantage (the so-called “intermediate blends”) take place under the IPR license.

As far as the customs status of the goods after blending we use the rule advocated by customs, which reads as follows:

- T1+ T1 = T1
- T1 + AAD = T1
- T1 + FRE = T1
- T1 + AAD + FRE = T1

A blending order is created by CS. When creating a blend order, it must be stated what product code will result after blending provided by the customer. In some cases, a blending is preceded by a so-called hand blend. The proposed mixing ratios are reproduced in miniature and analysed by a surveyor in order to determine in advance whether the desired result will be achieved.

Moreover, in the order screen it must be stated under which license the blending will take place. This choice will ensure the effective administrative processing of the blending under the chosen customs procedure.

When the blend order is implemented, the batches present in a tank are signed out and the new batch obtained is signed in. The tank is now homogeneous from an administrative point of view and can again be used for outgoing orders.

Below is an example drawn for a blending order which has taken place under the IPR license (former PCC), resulting in change of status.

Tank C0143 consist of the following components:

	Quantity	Product	GS Code / Tariq
AAD	174.894	Gasoil Undyed (s.> 0.1 pct and < 0.2pct)	27101948
AAD	142.389	Gasoil Undyed, Sulphur Max. 0.05	27101947
T1	3.663.958	Gasoil Undyed, Sulphur Max. 0.05	27101947
T1	987.846	Gasoil Undyed (s.> 0.2pct)	27101948

The analysis of tank C0143 indicates that the final product excists from CN code 27101947. Because one of the components has the T1 customs status and different CN codes are involved, this blending order has been made under the IPR license. This resulted in the change of AAD status to T1. The entire tank consist of T1 status after blending.

Below is another example drawn for a blending order which has taken place under the IPR license, resulting in change of status.

Tank C0108 consist of the following components:

	Quantity	Product	GS Code / Tariq
AAD	172.866	Gasoil Undyed (s.> 0.2pct)	2710194890
T1	2.043.036	Gasoil Undyed (s.> 0.2pct)	2710194890
T1	2.058.607	Gasoil Undyed (s.> 0.2pct)	2710194890
T1	724.427	Gasoil Undyed, Sulphur Max. 0.05	2710194790

The analysis of tank C0108 indicates that the final product excists from CN code 2710194890. The entire tank consist of T1 status after blending.

1.5 Homogenising (HOM)

There is a separate order for homogenising. The difference between blending and homogenising is that blending involves combining different products to obtain a new product with changed specifications, while homogenising involves only one product that must be homogenised by order of a customer for operational reasons. A specific order has been created in order to invoice the relevant customer for such orders.

1.6 Stock Density Correction (SDC)

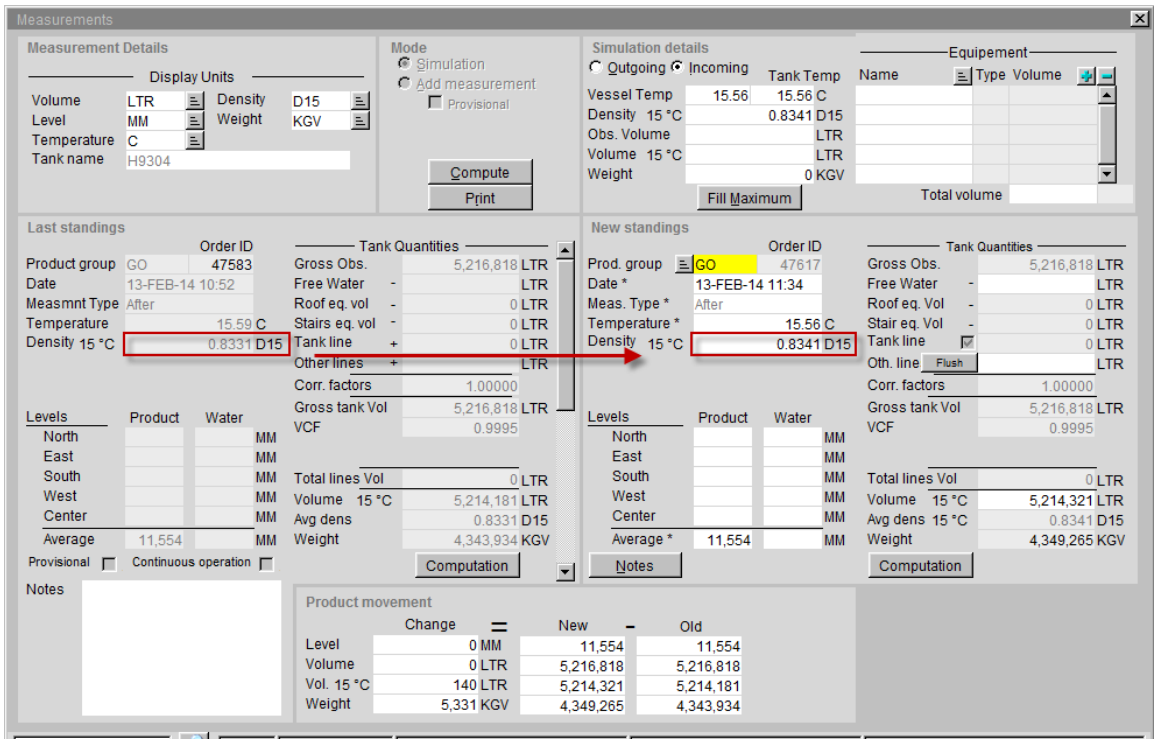
A stock density correction order is used when the administrative stock must be corrected as the result of a density correction.

It can occur in practice that different batches of identical products are stored in one tank. Even though this does not involve blending because the products are identical, the density of each batch will still differ slightly from the others. If no analysis is available, an arithmetically calculated theoretical density will be used. The density of a tank can be calculated arithmetically fairly accurately.

As soon as an analysis is performed of a tank and the true density is established, this true density is included in the stock administration (in case this differs from the calculated density). Adapting the theoretical density to the true density will result in a volume correction in the stock administration that is expressed by means of this order type.

In this way the correction entry is identified in the administration as a separate order. The underlying documents the entry is based on are kept in DIVA.

Please find underneath an example of a measurement within a Stock Density order which shows the change in the stock administration:


Measurements
Measurement Details
Display Units
Volume LTR
Density D15
Level MM
Weight KGV
Temperature C
Tank name H9304
Mode
Simulation
Add measurement
Provisional
Compute
Print
Simulation details
Outgoing
Incoming
Tank Temp
Vessel Temp 15.56 15.56 C
Density 15 °C 0.8341 D15
Obs. Volume LTR
Volume 15 °C LTR
Weight 0 KGV
Fill Maximum
Equipement
Name
Type
Volume
Total volume
Last standings
Order ID
Product group GO 47583
Date 13-FEB-14 10:52
Measmnt Type After
Temperature 15.59 C
Density 15 °C 0.8331 D15
Tank Quantities
Gross Obs. 5,216,818 LTR
Free Water - LTR
Roof eq. vol - 0 LTR
Stairs eq. vol - 0 LTR
Tank line + 0 LTR
Other lines + LTR
Corr. factors 1.00000
Gross tank Vol 5,216,818 LTR
VCF 0.9995
Levels
Product
Water
North MM
East MM
South MM
West MM
Center MM
Average 11,554 MM
Total lines Vol 0 LTR
Volume 15 °C 5,214,181 LTR
Avg dens 0.8331 D15
Weight 4,343,934 KGV
Computation
Provisional
Continuous operation
Notes
New standings
Order ID
Prod. group GO 47617
Date * 13-FEB-14 11:34
Meas. Type * After
Temperature * 15.56 C
Density 15 °C 0.8341 D15
Tank Quantities
Gross Obs. 5,216,818 LTR
Free Water - LTR
Roof eq. Vol - 0 LTR
Stair eq. Vol - 0 LTR
Tank line 0 LTR
Oth. line Flush LTR
Corr. factors 1.00000
Gross tank Vol 5,216,818 LTR
VCF 0.9995
Levels
Product
Water
North MM
East MM
South MM
West MM
Center MM
Average * 11,554 MM
Total lines Vol 0 LTR
Volume 15 °C 5,214,321 LTR
Avg dens 15 °C 0.8341 D15
Weight 4,349,265 KGV
Notes
Computation
Product movement
Change =
New -
Old
Level 0 MM 11,554 11,554
Volume 0 LTR 5,216,818 5,216,818
Vol. 15 °C 140 LTR 5,214,321 5,214,181
Weight 5,331 KGV 4,349,265 4,343,934

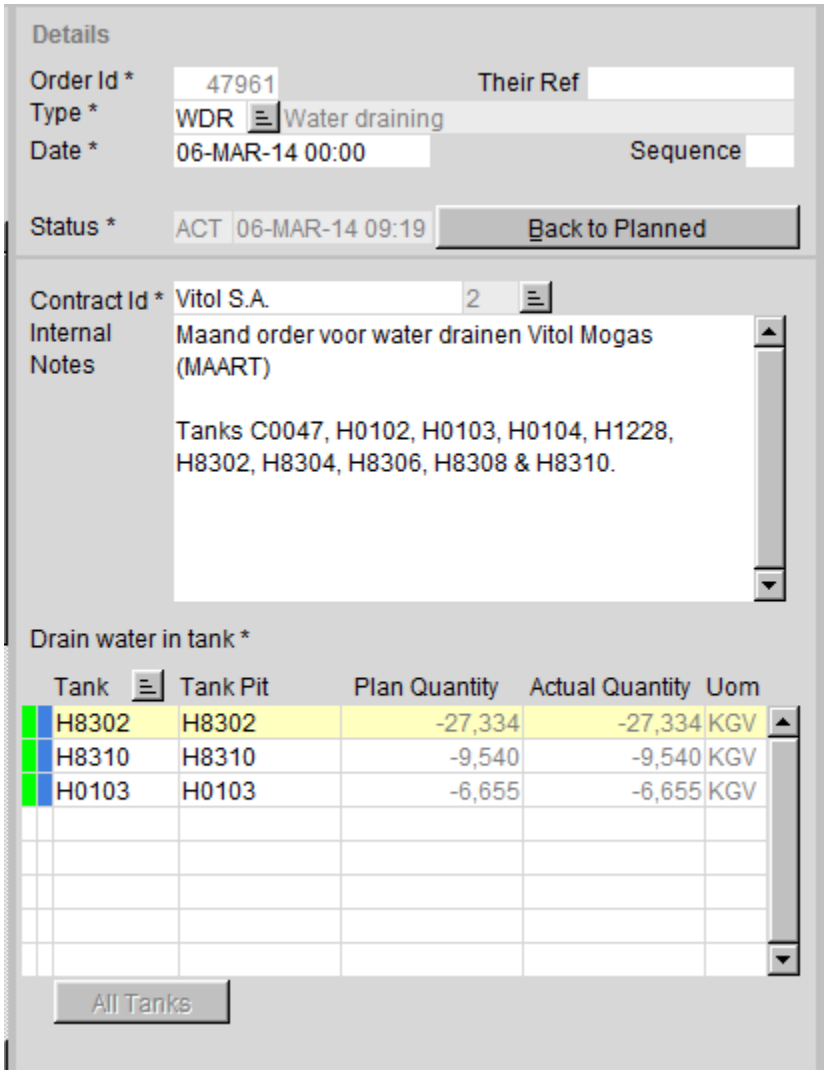
1.7 Stock Review (SRE)

This order type is used for the monthly correction entries by which the administrative stock is brought into congruity with the physical stock.

1.8 Water Draining (WDR)

If a tank contains any water, the water will be removed from the tank. This is called water draining. This manipulation, which results in lowering the liquid level in the relevant tank and thus to a stock mutation, is identified in Tomcat on the basis of a Water Draining order type.

Please find underneath an example of a Water Draining order which shows the change in the stock administration for each tank:



1.9 Tank cleaning (CLN)

Tanks have to be cleaned from time to time. Depending on the quality of the goods stored in a tank, sludge sinks to the bottom to a greater or lesser extent.
At the customer's request, this sludge is transferred to another of the customer's tanks or, if the quality of the sludge is very poor, the sludge is removed and presented to a certified waste processor, at the customer's request.

If the tank to be cleaned is still holding administrative stock, cleaning will result in signing out any stock still entered in the administration. The stock mutation is in that case identified as a separate tank cleaning order in the administration. If the administrative stock is already nil, the tank cleaning has no consequences on the stock position in the tank to be cleaned.

1.10 Importation (IMP)

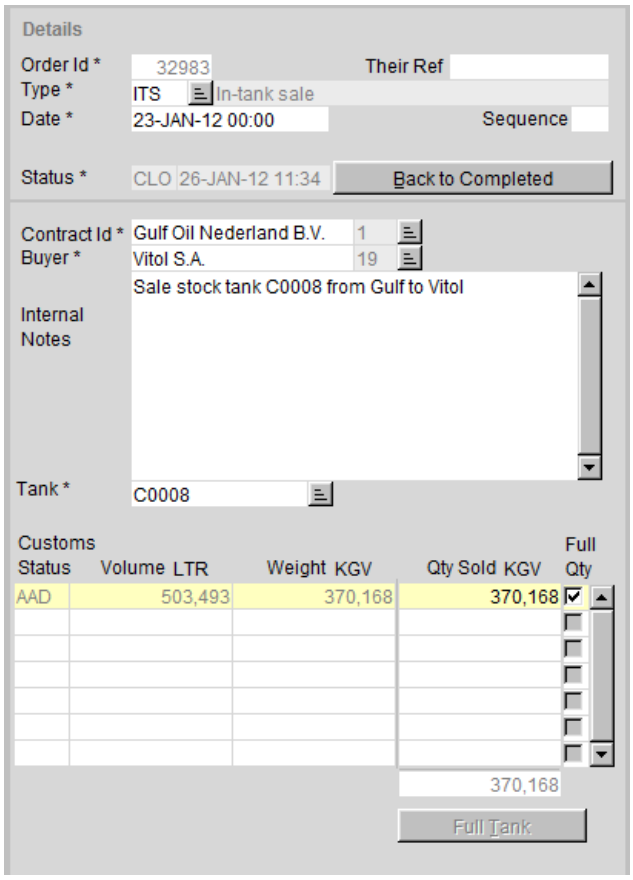
When non-Union goods are stored or processed under customs supervision and our customer wishes to release the goods for free circulation, an IMP order is created to change the customs status from T1 to AAD ort FRE depend on whether or not it concerns excise goods. When a third party customs agent is used, creating an IMP order is done subsequent to the customs agent having lodged the actual declaration for the release for free circulation and the acceptance of this declaration by the authorities, In practice our customers never release for free circulation in the case import duties are applicable.

1.11 In Tank Sale (ITS)

This order type relates to the situation in which the ownership of the product is transferred while the relevant products remain in storage in the same tank. To be able to carry out this order, both the purchaser and the seller must have signed a storage contract with the terminal. In principle, such an order will pertain to the entire tank content since the terminal does not aim to store products belonging to more than one owner in the same tank.

Since the change in ownership of the goods is the only change in this order, it does not entail any administrative or fiscal consequences.

Please find underneath an example of this order type where the ownership of the product is transferred from Gulf Oil Nederland B.V. to Vitol S.A.:


Details
Order Id * 32983
Their Ref
Type * ITS In-tank sale
Date * 23-JAN-12 00:00
Sequence
Status * CLO 26-JAN-12 11:34
Back to Completed
Contract Id * Gulf Oil Nederland B.V. 1
Buyer * Vitol S.A. 19
Internal Notes
Sale stock tank C0008 from Gulf to Vitol
Tank * C0008
Customs Status
Volume LTR
Weight KGV
Qty Sold KGV
Full Qty
AAD 503,493 370,168 370,168
370,168
Full Tank