



Technical Bulletin 03-1

International Federation of Inspection Agencies Petroleum and Petrochemical Committee

Position Paper

US Shore Tank Gauging Procedures and Customs Requirements

It has come to our attention that some Terminal procedures may still require that all measurement activities are performed by Terminal personnel, and that third party inspectors are only allowed to witness the measurements being performed.

While this may be acceptable on the part of those transacting product within the Terminal it is in direct violation of US Customs Service requirements for licensing of commercial gaugers when involved in importation of foreign cargoes, or in the movement of product within a 'Foreign Trade Zone' (FTZ).

With the proliferation of FTZ locations it is often difficult to establish whether a particular movement is actually, or potentially, governed under US Customs regulations at the time an inspection is conducted. In this respect, IFIA Members have adopted a protocol of treating all movements in an FTZ as being US Customs related.

The US Customs requirements for 'Commercial Gaugers' (US Customs approved and bonded Inspection Companies) are set forth in the Code of Federal Regulations at 19 CFR 151 and require that all instruments used by Commercial Gaugers on behalf of US Customs are owned and calibrated by the Commercial Gauger. It is also implicit in these regulations that Commercial Gauger personnel physically perform the measurements. The obligations of a Customs-approved gauger as specified in 19CFR 151.13 are reproduced below.

(b) What are the obligations of a Customs-approved gauger? A commercial gauger approved by Customs agrees to the following conditions and requirements:

(1) To comply with the requirements of part 151, Customs Regulations (19 CFR part 151), and **to conduct professional services in conformance with approved standards and procedures**, including procedures which may be required by the Commissioner of Customs or the Executive Director;

(2) To have no interest in or other connection with any business or other activity which might affect the unbiased performance of duties as a Customs-approved gauger. It is understood that this does not prohibit acceptance of the usual fees for professional services;

(3) To maintain the ability, **i.e., the instrumentation, equipment, qualified staff, facilities, etc., to perform the services for which the gauger is approved**, and allow the Executive Director to evaluate that ability on a periodic basis by such means as on-site inspections, demonstrations of gauging procedures, and reviews of submitted records;

(4) To retain those gauger records beyond the five-year record-retention period specified by Customs as necessary to address matters concerned in pending litigation, and, if gauger operations or approval cease, to contact Customs immediately regarding the disposition of records retained;

(5) To promptly investigate any circumstance which might affect the accuracy of work performed as an approved gauger, to correct the situation immediately, and to notify both the port director and the Executive Director of such matters, their consequences, and any corrective action taken or that needs to be taken; and



Technical Bulletin 03-1

International Federation of Inspection Agencies Petroleum and Petrochemical Committee

Position Paper - US Shore Tank Gauging Procedures and Customs Requirements Cont.

(6) **To immediately notify both the port director and the Executive Director of any attempt to impede, influence, or coerce gauger personnel in the performance of their duties,** or of any decision to terminate gauger operations or approval status. Further, within 5 days of any changes involving legal name, address, ownership, parent-sub subsidiary relationships, bond, other offices or sites, or approved signatories to notify the Executive Director by certified mail.

(c) What are the approved measurement procedures? **Customs-approved gaugers must comply with appropriate procedures published by such professional organizations as the American Society for Testing and Materials (ASTM) and the American Petroleum Institute (API),** unless the Executive Director gives written permission to use an alternate method. Alternative methods will be considered and approved on a case-by-case basis.

It is the purpose of this Technical Bulletin to alert all parties to these transactions to the above mentioned, and to the fact that IFIA Members must insist on their staff being allowed to perform the physical measurements on any product movement with an actual or potential reporting requirement to the US Customs Service. IFIA Members feel that once this issue is raised and understood there will be full cooperation from those involved.

Page 2 of 2 - March 15, 2003

IFIA Americas Committee

Chairman: A. Kay - Executive Director: M. Bush
Secretary: C. Updike

3942 North Upland Street, Arlington, VA 22207
Tel: (703) 533-9539
Fax: (703) 533-1612
E-mail: Ifianac@aol.com

Visit our web site at "<http://www.ifia-ac.org>"