

Southern Currents



Notice to the Area Port of New Orleans Trade Community

Date: June 13, 2016

No.: 16-010

SUBJECT: PETROLEUM RESIDUE (SLOPS)

This notice issued to clarify U.S. Customs and Border Protection's policy regarding Petroleum Residue (SLOPS)

TO: Customs Brokers, Importers, Marine Salvage Companies and Steamship Companies

BACKGROUND

Petroleum slops is a generic term of the petroleum industry used to describe the pumpable residue crude oil that is washed or scraped from the inside of petroleum cargo tanks on vessels. SLOPS are collected and generally stored in a special tank on each vessel where they are held until eventual discharge.

ACTION

Petroleum slops must be manifested as cargo at the first port of arrival prior to discharge. Since the quantities of slops cannot be determined until they are generated, the quantities must be estimated. The slops can be referred to as "crude oil residue," crude oil slops," or "product slops." Manifest discrepancies must be reported in accordance with 19 CFR 4.12.

Slops may be discharged into shore tanks or barges upon submission of a CBP approved CF 3171 (Lade/Discharge Order) making the importing carrier responsible for insuring CBP entry for the cargo is filed. Formal or informal entry of the slops is **not** required prior to discharge. However, Customs and Border Protection encourages entry pre-filing to facilitate cargo release and examinations.

Slops will be valued at \$.50 per barrel (42 gallons) on the petroleum product excluding "free standing" water. This value may be used to determine the type of entry (formal or informal). Cargo not exceeding a value of \$2500 may be released on an informal entry.

The marine salvage company or their broker should file the formal/informal entry at the Marine Desk at 423 Canal St. with an appointment during business hours. Entry may be filed after cargo

measurement (ullage) and discharge. The slops will be entered under the HTSUS 2709.00.2090. The duty assessed for this classification is presently 10.5 cents per barrel. A pro forma invoice will be presented when making entry.

In determining the net dutiable quantity, on a case-by-case basis, freestanding water may be excluded from the entered quantity. The entry should state the quantity of petroleum product the duty is paid on. The statement "This entry covers petroleum slops and excludes free standing water" should be made on the pro forma invoice. If, in addition to this, the salvage company wishes to file an excessive moisture claim (BS&W), then the claim may be supported with a CBP approved Public Gauger outturn and an analysis by a CBP-accredited Commercial Laboratory. This BS&W claim must be submitted with a formal entry.

Any samples taken will be drawn from the oil layer above the freestanding water.

Marine salvage companies should maintain records to support their figures in case CBP decides to conduct an audit. CBP will not routinely witness the ullage of slops; however, CBP retains its option to perform unannounced spot checks.

Should you have any questions concerning this procedure, please contact Supervisor Frank Foster in New Orleans at (504) 670-2057.



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