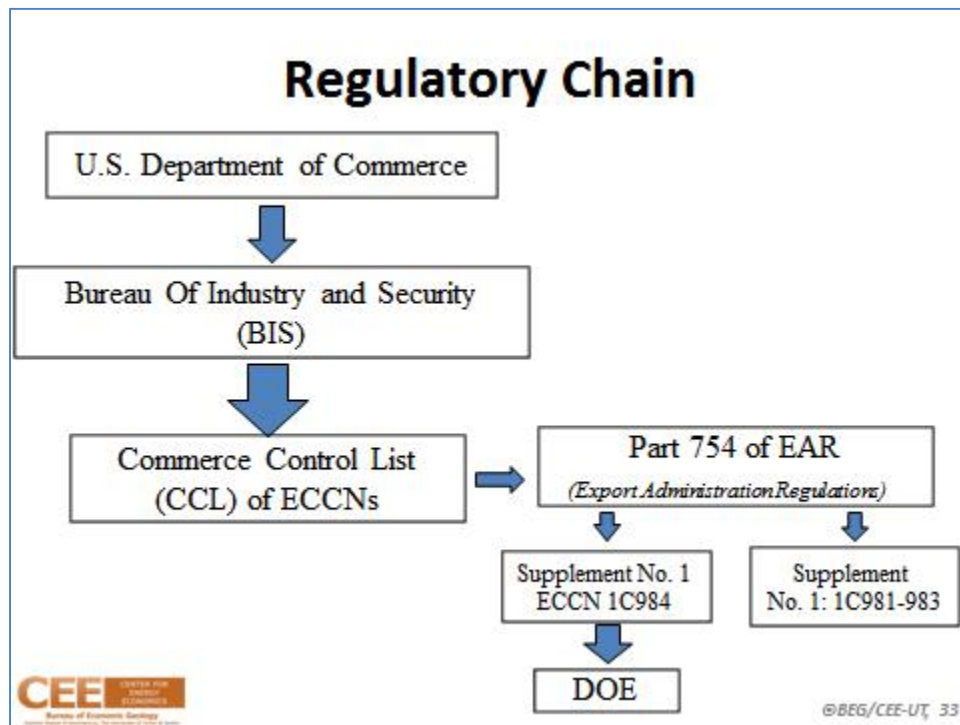


Export Regulations: What You Need to Know

Background:

Crude exports are regulated under the Energy Policy and Conservation Act (1975), the Mineral Leasing Act (1920), the Outer Continental Shelf Lands Act Amendments (1978), and the Naval Petroleum Reserves Production Act.

Basics:



“A key in determining whether an export license is needed from the Department of Commerce is knowing whether the item you intend to export has a specific **Export Control Classification Number (ECCN)**. The ECCN is an alpha-numeric code, e.g. 3A001, that describes the item and indicates licensing requirements. All ECCNs are listed in the **Commerce Control List (CCL)** (Supplement No. 1 to Part 774 of the EAR or Export Administration Regulations)...” BIS website.

Commerce Control List Categories

0	Nuclear and Miscellaneous
1	Materials, chemicals, Microorganisms and Toxins
2	Materials Processing
3	Electronics

4	Computers
5.1	Telecommunications
5.2	Information Security
6	Sensors and Lasers
7	Navigation and Avionics
8	Marine
9	Aerospace and Propulsion

Note: There are ten broad categories for ECCN's but only nine were found on the BIS website. These are further broken down into five product groups listed below.

Five Product Groups

A	Systems, Equipment and Components
B	Test, Inspection and Production Equipment
C	Material
D	Software
E	Technology

"If your item falls under U.S. Department of Commerce jurisdiction and is not listed on the CCL, it is designated as EAR (Export Agency Regulations) 99. EAR 99 generally consists of low technology consumer goods and do not require a license in many situations."

ECCN 1C981 Crude Oil:

According to Supplement No. 1 to Part 774 (page70) of EAR the ECCN of crude oil is 1C981 and states the following:

"Crude petroleum including reconstituted crude petroleum, tar sands & crude shale oil listed in Supplement No. 1 to part 754 of the EAR (Export Administration Regulations)

License Requirements

Reason for Control: SS (short supply)"

*Control(s): SS applies to the entire entry. For licensing requirements (and possible License Exceptions) **proceed directly to part 754** of the EAR. The Commerce Country Chart is not designed to determine licensing requirements for items controlled for SS reasons."*

Title 15 CFR subtitle B, Chapter VII, Subchapter C, Part 754, Section 754.2:

Crude Oil (a) License Requirement. As indicated by the SS notation in the "License Requirements" section of ECCN 1 C981 on the CCL (Supplement No. 1 to part 774 of the EAR), a license is required for the export of crude oil to all destinations, including Canada. See paragraph (h) of this section for a License Exception permitting the export of certain oil from

the Strategic Petroleum Reserves, paragraph (i) of this section for a License Exception for certain shipments of samples, and paragraph (j) of this section for a License Exception for exports of oil transported by pipeline over right of way granted pursuant to section 203 of the Trans-Alaska Pipeline Authorization Act (43 U.S.C. 1652). “Crude Oil” is defined as a mixture of hydrocarbons that existed in liquid phase in underground reservoirs and remains liquid at atmospheric pressure after passing through surface separating facilities and which has not been processed through a crude oil distillation tower. Included are reconstituted crude petroleum, and ***lease condensate*** and liquid hydrocarbons produced from tar sands, gilsonite, and oil shale. ***Drip gases*** are also included, but ***topped crude oil and other finished and unfinished oils are excluded.***

EXCEPTIONS:

(b) License Policy (1) BIS will approve applications to export crude oil for the following kinds of transactions if BIS determines that the export is consistent with the specific requirements pertinent to that export:

There are seven pages of exceptions written as only attorneys and congress can and therefore, we will only attempt to summarize the exceptions in broad general categories. Bear in mind that the exceptions are still subject to the condition cited above in (b).

1. Exports from Cook Inlet or from Trans Alaska Pipeline
2. Exports to Canada for consumption or use.
3. Exports of foreign crude oil that have not been comingled with US oil
4. Heavy California oil up with volume restrictions
5. Swaps-if it can be demonstrated that a like quantity and quality of crude oil will be returned to the US.
6. To comply with various contract requirements (see 754.2 (b) (2)(i)(C) for the exception for inability to reasonably market the crude oil in the U.S.
7. Refining or exchanging of Strategic Petroleum Reserve Oil.

ECCN 1C982 Petroleum Products:

Other petroleum products listed in Supplement No. 1 to part 754 of the EAR that were produced or derived from the Naval Petroleum Reserves (NPR) or became available for export as a result of an exchange of any NPR produced or derived commodities.”

LICENSE REQUIREMENTS

Reason for Control SS

SS applies to entire entry. For licensing requirements (and possible license exceptions) proceed directly to part 754 of the EAR.”

ECCN 1C983 Natural Gas Liquids:

Natural gas liquids and other natural gas derivatives listed in Supplement number 1 to part 754 of the EAR that were produced or derived from the Naval Petroleum Reserves (NPR) or became eligible for export as a result of any exchange of any NPR produced or derived commodity.

LICENSE REQUIREMENTS

Reason for Control SS

SS applies to entire entry. For licensing requirements (and possible license exceptions) proceed directly to part 754 of the EAR.”

ECCN 1C984 Natural Gas:

Manufactured gas and synthetic natural gas (except when comingled with natural gas and thus subject to export authorization from the Department of Energy) listed in Supplement No. 1 to Part 754 of the EAR that were produced or derived from the Naval Petroleum Reserves or became available for export as a result of any exchange of NPR produced or derived Commodities.

LICENSE REQUIREMENTS

Reason for Control SS

SS applies to entire entry. For licensing requirements (and possible license exceptions) proceed directly to part 754 of the EAR.”

DOE Authorization:

One small footnote to Supplement No. 1 of Part 754 referring to natural gas, methane and mixtures thereof (including liquefied natural gas and synthetic or substitute natural gas) requires approval from the Department of Energy for export.

² Natural gas and liquefied natural gas (LNG), and synthetic natural gas comingled with natural gas (Schedule B Nos. 2711.11.0000, 2711.14.0000, and 2711.19.0000) require export authorization from the U.S. Department of Energy”

Also See:

U.S. Energy Abundance: Regulatory, Market, and Legal Barriers to Export

<http://eprinc.org/wp-content/uploads/2013/07/Pugliaresi-Testimony-before-Energy-and-Power-June-182.pdf>