



# "Coloring within the Lines- Understanding the Regulations from a Technical Perspective"



February 2015

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- 1 Context**
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- 3 Stabilized Condensate Exports**
- 4 Future Developments**

# VANTAGE POINT

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## Information creates in/efficiencies

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### Background

- Global Economic Growth transforming energy demand
- Extended period of Elevated energy prices and a Deployment of Technology in Upstream Development increasing production
- Pricing Volatility and a Structural Shift in Differentials

### Current Challenges

- Regulatory and Infrastructure bottlenecks
- Exports rebalancing the global trade
- Global competition not conceding its markets without a fight

### Future Development

- Segregation and a gradual moving away from the “Common Stream Concept”
- Democratization of Energy Markets
- Increasing Volatility in Crude pricing with more frequent Booms and Busts allowing Alternatives energy resources to gain market share and provide competition to the dominance of Crude

# EXPORTING CRUDE AND “PRODUCTS”

A non-technical Solution to a Technical Issue



# REGULATIONS

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Regulations only tell what you can do...

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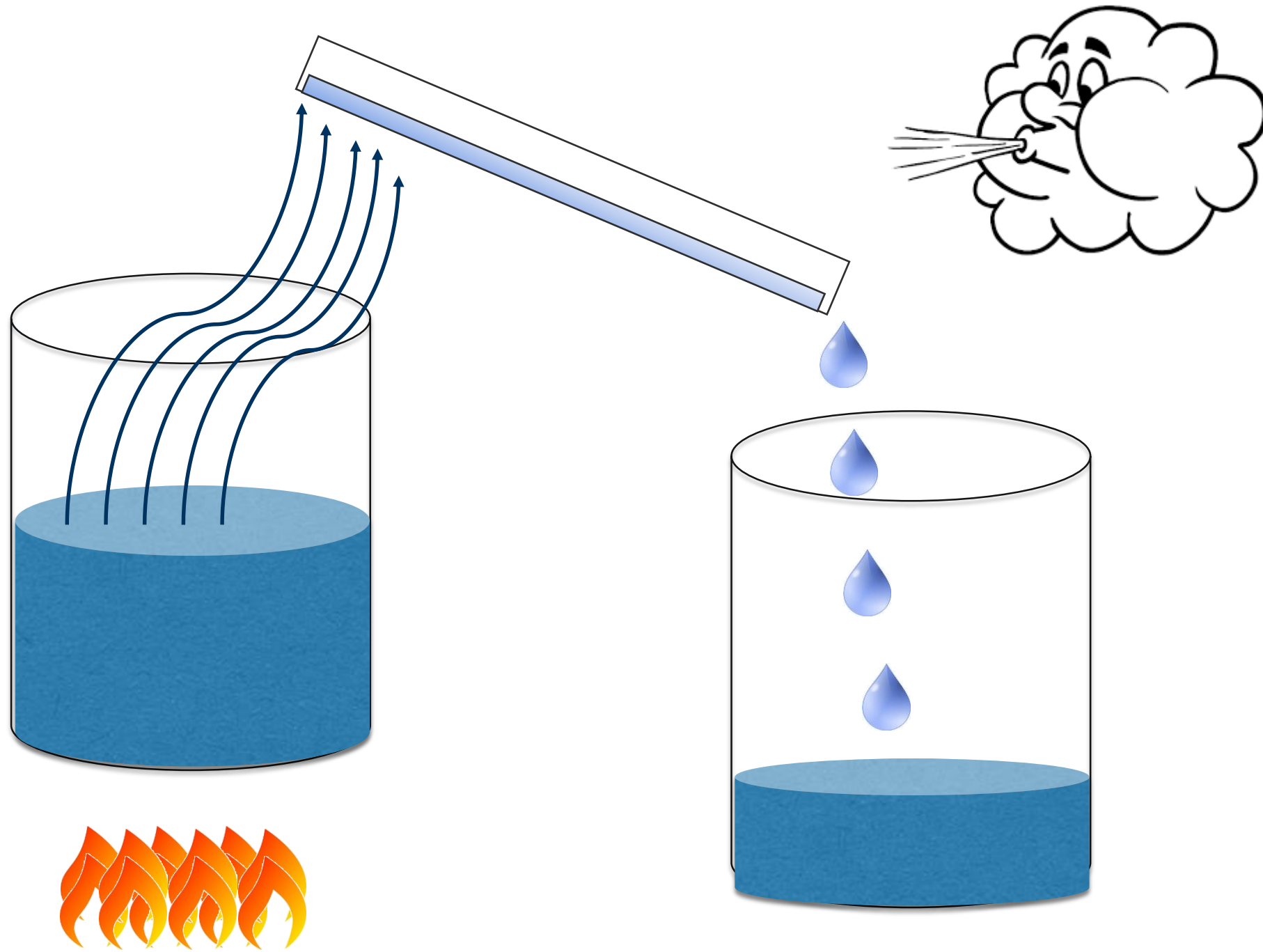
**CFR: Title 15 → Subtitle B → Chapter VII → Subchapter C → Part 754 → §754.2**

**“A license is required for the export of crude oil to all destinations, including Canada...“Crude oil” is defined ...which has not been processed through a crude oil distillation tower.”**

**No Definition of what a crude oil distillation tower is?**



# DISTILLATION TOWER

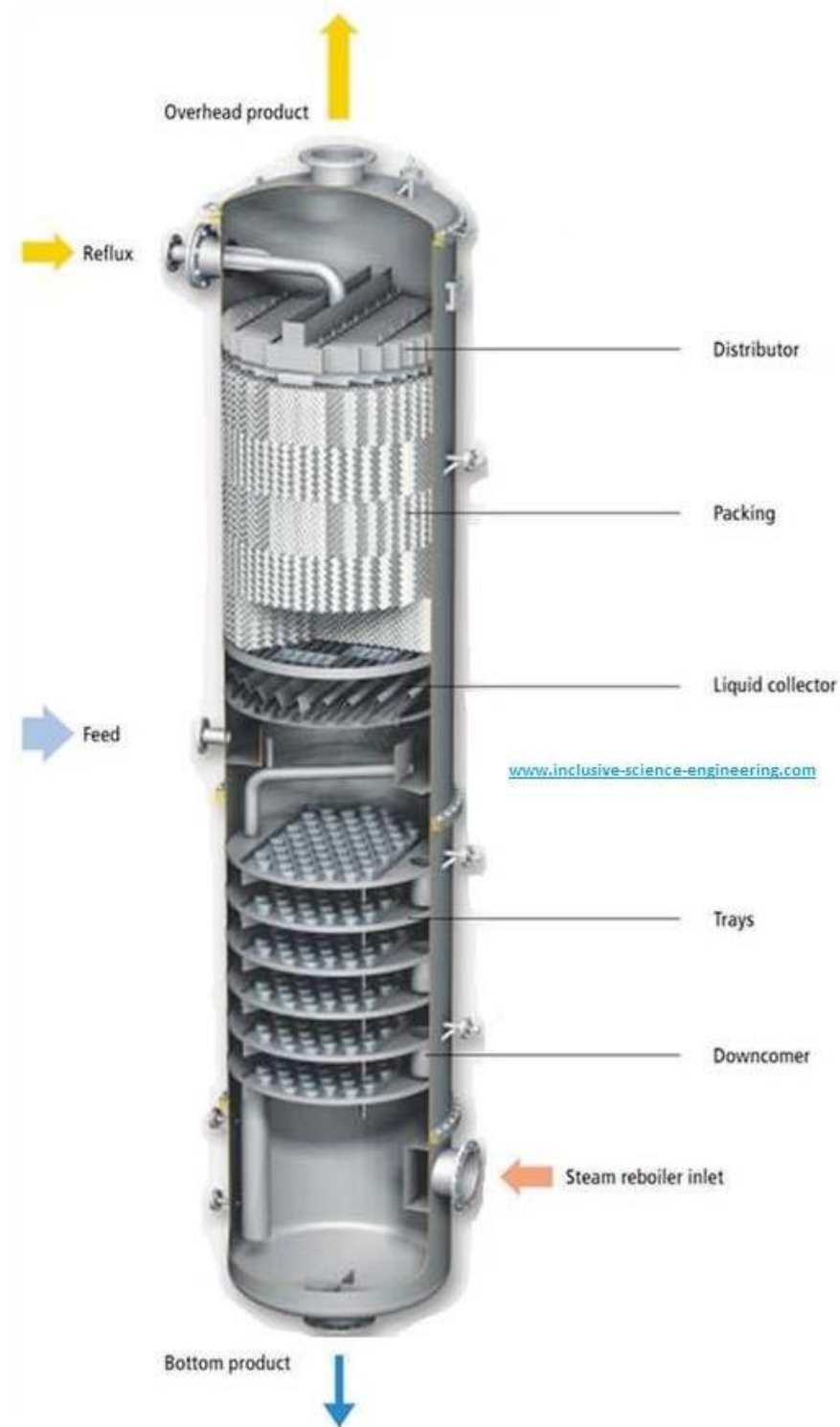




# DISTILLATION TOWER



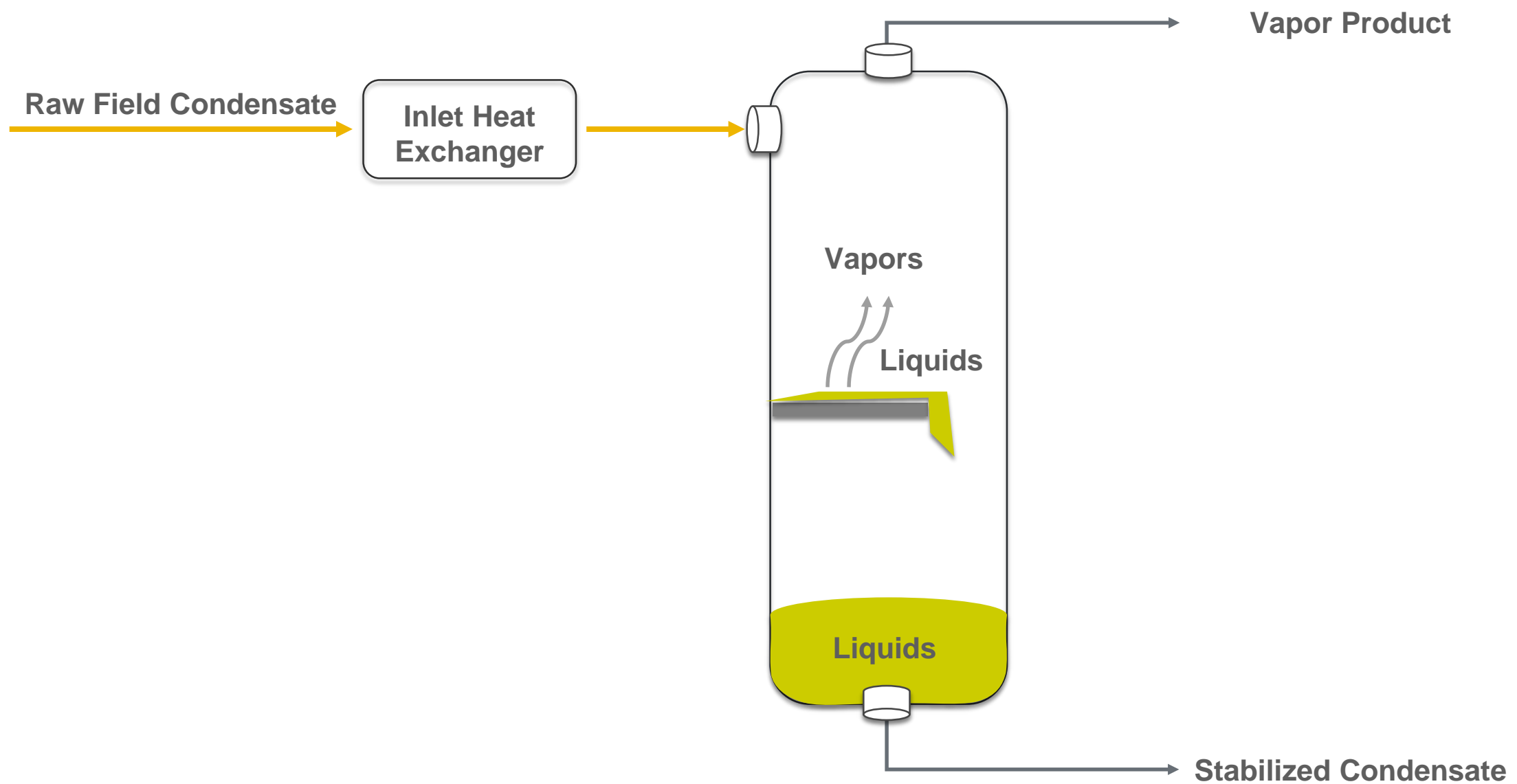
# DISTILLATION TOWER





# DISTILLATION TOWER

## NUMBER OF ACTUAL PLATES VS REQUIRED THEORETICAL PLATES



# EVOLUTION OF CONDENSATE

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Filling up the Buckets

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**Production Growth / Scale**



**Margin Compression**



**Simplistic “Density” Blending ...  
“Blend Wall”, EPA Emission  
limits, Refinery Constraints, and  
Iran condensate displacement**



**Compelling Economic Reason to look for New Markets**

# CONDENSATE: EXPORT MARKET

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**“What’s in a Name? that which we call a rose  
By any other name would smell as sweet” - Shakespeare**

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## **BIS Classification and self-Classifying**

**Multiple tiered pricing: Blend stock, export, and segregation**

## **Chemical Feed vs Refinery Feed**

**Logistical bottlenecks which lack the capabilities to compete with the historical condensate production regions of the Middle East, Northwest Shelf, North Sea, and Northern Africa**

**Changing “Midstreamers”/Gatekeepers mindset from simply moving a column of fluid to managing quality and maintaining more than just a “common-stream spec”**

# REGULATIONS

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Show us the way. Help us along the way.

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**CFR: Title 15 → Subtitle B → Chapter VII → Subchapter C → Part 754 → §754.2**

**“BIS will review other applications to export crude oil on a case-by-case basis ...if BIS determines that the proposed export is consistent with the national interest and the purposes of the Energy Policy and Conservation Act (EPCA) ...In which the applicant can demonstrate that, for compelling economic or technological reasons that are beyond the control of the applicant, the crude oil cannot reasonably be marketed in the United States.”**



