

Memo

From: David W. Boston
To: Owen International Documentation Group, Tasos Nicolakis, Vera Dubrocq, Chuck Klimo, Andy Hartsteen, Dusty Drury
CC: Jeff West, John Denson, OCS Group
File: 0750.016
Date: July 11, 2007
Re: Exports to People's Republic of China (PRC)

New Regulation Issued.

On June 19, 2007, The Bureau of Industry and Security (BIS) of the U.S. Department of Commerce issued a [final rule](#) changing certain requirements in the Export Administration Regulations affecting exports to PRC. OCS review of this rule indicates:

1. **ECCN 1C992.** No change in licensing requirements and/or procedures for commodities controlled under ECCN 1C992 and exported to non-military end-users for non-military end-uses. This ECCN includes non-EBW explosives such as: perforators, non-EBW detonators, cutters, detonating cord, non-EBW severing tools, and power charges. Commodities under ECCN 1C992 may continue to be exported to PRC non-military end-users, for non-military end-uses, without an individual validated license (IVL), using the symbol "NLR".
2. **ECCN EAR99.** No change in licensing requirements and/or procedures for commodities controlled under ECCN EAR99 and exported to non-military end-users for non-military end-uses. This ECCN includes STIM™ products, and non-EBW hardware such as: perforating guns, subs, cableheads, setting tools and non-EBW severing tool hardware. Commodities under ECCN EAR99 may continue to be exported to PRC non-military end-users, for non-military end-uses, without an individual validated license (IVL), using the symbol "NLR".
3. **ECCNs 3A229, 3A232, 3E001, and 3E201.** No change in the licensing requirements; an IVL is required, as it has been in the past. However, this new rule implements changes in the support documentation required to obtain an IVL. These ECCNs control EBW explosives, EBW hardware, and technology related to those commodities. Under the new rule:

- a. For orders totaling more than \$50,000 – A PRC End-user Statement (PRC EUS) issued by the PRC Ministry of Commerce (MOFCOM) is now required.
- b. For orders totaling \$50,000 or less – A BIS-711 Statement by Ultimate Consignee and Purchaser may be substituted for the PRC EUS.

Effect on Owen Oil Tools LP Export Order Processing.

MOFCOM will only issue PRC EUSs for specific items on specific orders. This means that we are no longer able to obtain 2-year supply licenses for EBW-related commodities to PRC. Therefore, effective immediately, we will no longer request such licenses for export of EBW-related commodities to PRC and will have to obtain IVLs on a case-by-case order basis.

When you quote or accept orders for EBW-related commodities to PRC, you should advise the client that:

1. an IVL will be required and can only be requested after receipt of a purchase order,
2. OCS will contact them regarding support documents required, and
3. the IVL application approval process typically takes 8 weeks to complete (that is “typically”; it is no “promise” or commitment).

How to Obtain an IVL for Orders of EBW-related Commodities to PRC.

Submit the following, by e-mail, to Jeana Mallard at jeana.mallard@corelab.com:

1. a fully completed [Export License Request form](#) and
2. a full copy of the client’s purchase order.

You may obtain a copy of the Export License Request form by clicking the hyperlink above or by clicking the QuickLink “Request an Export License” on the OCS Export Controls web page at: <http://www.ocsmalls.com/ref/ref-export.htm>.