



State of Israel
Ministry of National Infrastructure, Energy, and Water Resources
Administration of Natural Resources

Petroleum and gas

19 Tevet 5776
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Re: Guidelines for Submitting Applications for Export Permit

1. In Government Decision No. 442 of June 23, 2013 (referred to as: **Decision 442**) together with its amendment as part of Government Decision No. 476 of August 16, 2015 regarding the outline for increasing the amount of natural-gas produced from the Tamar natural-gas reservoir and rapid development of the Leviathan, Karish, and Tanin natural-gas reservoirs (referred to as: **Decision 476**), it has been established, *inter alia*, that exporting natural-gas will require approval from the Petroleum Commissioner (referred to as **the Commissioner**), that is to be granted with the approval of the Minister of National Infrastructure, Energy, and Water Resources (referred to as **the Minister**), and that the Commissioner is permitted to grant an export permit only if the quantity available to the Israeli market is at least 540 BCM as specified in Section 1a of Decision 442 and its amendment under Decision 476.
2. These guidelines is intended to guide holders of present leases regarding the date and mode of submitting an application for a permit to export natural-gas produced in the leased area (referred to as: **Application** and **Export Permit**, respectively), the information and documents that must be included in the application, and to provide several clarifications regarding the export permit.
3. Applications must be submitted to the Commissioner when negotiations and the final version of a sales and purchase of natural-gas agreement with an external party (referred to as: **Export Agreement**) are near completion. Aforementioned application should be submitted together with a draft of the export agreement as specified in Section 5 (referred

to as: Draft Agreement), below; agreement validity is contingent on receiving the export permit.

4. The application is to be submitted in Hebrew and will specify all of the following:
 - 4.1. The lease from which the gas will be produced and the identity of the seller (if not the lease-holder, then the relationship between seller and lease-holder);
 - 4.2. Identity of the buyer and destination of export;
 - 4.3. Manner of export and the installations that will be used for it, including the existing connection of the gas reservoir, where the gas will be produced, to the local market, or the plan to make aforementioned connection, compliant with the lease terms;
 - 4.4. Quantities of gas that will be sold, and if minimum and maximum quantities have been established in the draft agreement, or periodic quantities (daily, monthly, annual, etc.), a detailed list of all these; should the draft agreement include an option or options to increase quantities, these must also be listed in the application;
 - 4.5. Supply period (including start and end dates); should the draft agreement contain an option or options to extend the period, these must also be listed in the application;
 - 4.6. The price at which the gas is sold to the buyer (including how it is calculated, updated, and modified, to the extent that the draft agreement contains such provisions).
 - 4.7. Main details concerning other export agreements signed by the lease-holder, and for which an export permit has been granted, or an application for export permit has been submitted but not yet approved, if such exist (agreement date, parties, destination, period, quantities, date approval was granted or date application was submitted if approval has not yet been granted);
 - 4.8. Whether the application contains an undertaking to contract a transmission agreement with Israel Natural Gas Lines Ltd. (INGL) according to Decision No. 2/14 of the Natural-Gas Market Council;
 - 4.9. Explanation of how the application complies with Decision 442 terms, and if the application relies on Section 1 h 10 in Decision 442, which was amended in Section e of Decision 476, an explanation of how it complies with the that Section's terms;
 - 4.10. Whether the approvals required by the authorities of the state in which the buyer operates to execute the export agreement have been granted, or whether such approvals have been applied for, as far as the applicant knows.
5. The following must be enclosed with the application:

- 5.1. The draft agreement as it stands at the date of submitting the application;
 - 5.2. Main points of the draft agreement, in Hebrew;
 - 5.3. Main points of agreements, or drafts of the agreements mentioned in the export draft agreement, or that constitute part of the system of agreements that will allow the export or are associated with it, in Hebrew.
6. The Commissioner is entitled to require additional information or documents over those listed above, including the agreements or drafts of the agreements specified in Section 5.3.
 7. Should changes be made in the draft agreement after submitting the application, the leaseholder must submit a copy of the amended draft to the Commissioner, highlighting the changes that were made; if the changes are related to information listed in the application or in the main points referred to in Section 5.2, or other changes have occurred in matters specified in the application, the application or main points, as appropriate, must be submitted suitably amended, and the amendments highlighted.
 8. The application and all its appendices, as well as documents submitted in compliance with Sections 6 and 7 above, must be submitted on paper and in electronic format.
 9. The applicant may similarly submit an additional copy of the application, its appendices, and the documents, as noted above, in which information that the applicant believes is a trade secret is redacted. The Commissioner and anyone acting on the Commissioner's behalf must maintain confidentiality of such redacted information, compliant with provisions of the law and the Law for Freedom of Information, unless the Commissioner believes that the redacted information does not constitute a trade secret, or if a court writ instructs otherwise. If the Commissioner believes he or she is required to submit such redacted information to a third party, the Commissioner must inform the applicant in advance and provide applicant with sufficient time to apply to a relevant court and obtain a court writ that instructs otherwise.
 10. Once a preliminary, non-binding document has been signed between the lease-holder and a potential buyer, as a prelude to negotiations toward an export agreement (letter of intent, memorandum of understanding, term sheet, etc.) the lease-holder must submit a copy of it to the Commissioner within 7 days of signing; submitting a document as noted will not be considered submitting an application; the Commissioner may, but is not obligated to, provide the lease-holder with a preliminary opinion of the document or of any of its details if he deems this appropriate; if the Commissioner provides this opinion as noted, it will

not be deemed sufficient to restrict the Commissioner in acting or exercising discretion during examination of the export permit application regarding the agreement formed based on the document submitted to the Commissioner according to this Section, and submitted to the Commissioner according to these guidelines.

11. Let it be clear that the export permit will be granted in compliance with Decisions 442 and 476, and subject to the terms listed in them, and subject to any law, and it will not derogate from the Minister's authority derived from Section 33 of the Petroleum Law; in any case, actual export will not be permitted unless, after execution of the development plan that the lease holder is obliged to perform, at least 540 BCM will be available for the local market, as specified in Decisions 442 and 476, and subject to further terms established in this matter in the lease, if these exist, and, if the application derives from Section 1 h 10 of Decision 442 which was amended in Section e of Decision 476, subject to the terms of the said section.
12. Let it also be clear that an export permit may contain clarifications and terms that are not included or mentioned in these guidelines, including provisions regarding changes in the export agreement and its endorsement, restrictions on transfer and lien of the permit, obligation to submit reports concerning execution of the export agreement, and other terms that may be required by the Commissioner as the case may be.

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