

Profitable INVESTING Tips

Stock Market Investing Tips, Techniques, and Resources



United States Oil Exports

United States oil exports have been allowed for the first time in forty years. **Sustainable fracking technology** has greatly increased US oil production and reduced dependence on foreign oil supplies. The United States is on the verge of becoming the leading oil and natural gas producer in the world. Now in a very small test case two oil companies are to send the first United States oil exports in four decades. The companies are Pioneer Natural Resources Co. and Enterprise Products Partners LP and what they are going to ship is condensate, ultralight oil. Condensate is refined into gasoline, diesel fuel or jet fuel. These two first cases were approved by the Commerce Department Bureau of Industry and Security and apply only to processed condensate from South Texas shale deposits. However, with US oil production skyrocketing United States oil exports on a larger scale may not be far behind.

Memories of the Arab Oil Embargo

It was the oil embargo by the Organization of Petroleum exporting countries, OPEC, which put a stop to United States oil exports. Although refiners can export gasoline, diesel and other refined fuels they could not export crude oil, until now. Now, as the US is producing huge quantities of its own oil and natural gas it has pushed the prices of domestic supplies down. The oil industry is looking for other buyers in order to boost profits.

Energy Supplies to Europe

In our articles about investing in **Russia and the Crimea fallout** we mention that Europe could become a profitable market for United States oil exports, especially if things go from bad to worse between Russian and Ukraine. Oil has been used before as an instrument of foreign policy and United States oil exports to Japan, the EU and other allies could serve the nation's international interests.

Supply and Demand

From the viewpoint of the US consumer cheap energy is a great thing. And from the viewpoint of people who build the infrastructure for extracting oil from deep in the earth a ten dollar drop in the price of a barrel of oil can be devastating. The pressure to reduce restrictions on United States oil exports is from the oil states and oil industry. These folks would like to make more money but their argument is that adding buyers will add more jobs to the economy as well.

Crude versus Fuel: Just Enough Processing

United States oil exports are legal if the oil is refined into gasoline, diesel fuel, etc. The ruling allowing United States oil exports for condensate apparently hinge on the ultra-light oil having been partially refined. If this exemption is applied to all similar crude oil, the results could be substantial as well over ninety percent of new oil production in the USA is of the light or ultralight variety. According to industry sources refining facilities capable of producing nearly million barrels a day are being proposed. For those interested in investing in oil and even **oil services and exploration ETFs**, opening the door to United States oil exports could open the door to substantial profits.

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