

EIA-856 MONTHLY FOREIGN CRUDE OIL ACQUISITION REPORT INSTRUCTIONS

1. QUESTIONS?

If you have any questions about Form EIA-856 after reading the instructions, please call our toll-free number 1-800-638-8812.

2. PURPOSE

The Energy Information Administration (EIA) Form EIA-856, "Monthly Foreign Crude Oil Acquisition Report," is used to collect data on the cost and quantities of foreign crude oil (by country of origin) acquired for importation into the United States, including U.S. territories and possessions. The data are used by the Department of Energy, the International Energy Agency (IEA), other Federal agencies, and industry analysts for forecasting and analytical purposes.

3. WHO MUST SUBMIT

The Form EIA-856 is mandatory pursuant to Section 13(b) of the Federal Energy Administration Act of 1974 (Public Law 93-275) and must be completed by all firms that were reporting data as of June 1982, regardless of the total volumes of crude oil that were acquired for import. In addition, all other firms that acquired more than 500,000 barrels of foreign crude oil in the report month for importation into the United States must submit an EIA-856 report for that month.

Section 9 explains the possible sanctions for failing to report.

4. WHEN TO SUBMIT

The Form EIA-856 must be submitted to the EIA no later than 30 calendar days after the close of each reference month (e.g., if the reference month is March 2010, the report must be submitted to the EIA by April 30, 2010).

5. WHERE TO SUBMIT

Completed forms may be submitted by facsimile, e-mail, or mail.

Fax completed forms to: **(202) 586-9772**

E-mail forms to: OOG.SURVEYS@eia.doe.gov

Secure File Transfer forms to:
<https://signon.eia.doe.gov/upload/noticeoog.jsp>

Mail completed forms to: Oil & Gas Survey
U.S. Department of Energy
Ben Franklin Station
PO Box 279
Washington, DC 20044-0279

6. COPIES OF SURVEY FORMS, INSTRUCTIONS AND DEFINITIONS

Copies in portable document format (PDF) and spreadsheet format

(XLS) are available on EIA's website at:

www.eia.doe.gov/oil_gas/petroleum/survey_forms/pet_survey_forms.html

You may also access the materials by following the steps below:

- Go to EIA's website at www.eia.doe.gov
- Click on *Petroleum*
- Click on *Petroleum Survey Forms* located in the *References* box on the right side of the page
- Select the materials you want.

Files must be saved to your personal computer. Data cannot be entered interactively on the website.

7. HOW TO COMPLETE THE SURVEY FORM

General Instructions

For the purpose of this report:

- the corporate entity, hereafter referred to as the "firm," for which the report is filed, is considered to be the parent company and the consolidated entities (if any) which it directly or indirectly controls, taken altogether. The report will be filed for both the firm's domestic and foreign affiliates which acquire foreign crude oil for landing in the United States.
- crude oil is understood to include lease condensate. If your definition of crude oil differs from this, provide your definition of crude oil in the Comments section in Part III of your first submission of the EIA-856.
- the United States includes the 50 States, the District of Columbia, Puerto Rico, the Virgin Islands, and all American Territories and Possessions.

Report all acquisitions made for the purpose of importation into the United States by your firm or agent. Include purchases, exchange receipts, equity crude oil, and buy-back oil. Include all acquisitions that your firm will own or expects to own at the time of importation, whether or not the crude is to be imported under your firm's license. Transactions which have not previously been reported should be included in the current month's submission. Submissions of unreported transactions should occur as soon as possible after the unreported transaction is identified. Cargos, or portions of cargos of foreign crude oil which were acquired and reported in a previous month, and were subsequently sold or delivered on exchange in the report month or are no longer intended for importation into the United States, should be reported as a resubmission.

If a vessel loads crude at more than one port, or more than one crude type is loaded at a single port (except when the crude streams are commingled in the same tank), report each crude

parcel acquired as a separate transaction.

Report all prices in U.S. dollars and cents per barrel (e.g., \$34.14). Report all volumes in 42 U.S. gallon barrels rounded to the nearest barrel. For example, report 245,543.54 bbl as 245,544 bbl.

Report all data according to the most accurate records available to the firm at the time of filing. Where data to be reported are not yet finalized in the firm's accounting records, the firm's best estimate based on interim records may be reported. Estimates should be reviewed when more complete information is available and, if appropriate, resubmitted in accordance with the provisions outlined under Resubmissions below.

Note: For those cargos for which the cost of the crude oil is determined after the report month in which it is acquired and reported to EIA (e.g., "netback" pricing), all information about the cargo should be included except price information which should be reported as zeroes. A reference to this transaction should be placed in the Comments section of Part III. When the price is determined in accordance with the terms of the purchasing agreement, the transaction must be resubmitted with the next regularly scheduled report.

Canadian crudes are often imported into the United States in relatively small pipeline lots. Therefore, in order to help minimize reporting requirements, companies may aggregate identical types of transactions of Canadian oil purchased from the same vendor and imported via pipeline (e.g., spot-f.o.b.-third party purchases of Canadian Lloydminster).

Resubmissions

Resubmissions are required:

- If cargos (or a portion of a cargo) of foreign crude oil which were acquired and reported in a previous month and were subsequently sold or delivered on exchange in the report month and/or are no longer intended for importation into the United States.
- If the price previously reported in column (m) or (o), either on the original report or on a prior resubmission, changes by plus or minus five percent ($\pm 5\%$), or if the quantity reported in column (l), either on the original report or on a prior resubmission, changes by plus or minus five percent ($\pm 5\%$).
- For errors in all other columns, except column (n), for which resubmissions are required for material changes only.

Each resubmission will establish a new base to which the five percent threshold would be applied in determining whether subsequent resubmissions are required (i.e., in applying the five percent threshold, the sum or net of all changes to the previously reported price or volume should be used). A retroactive price adjustment which changes the price(s) of any previously reported transaction(s) by plus or minus five percent ($\pm 5\%$) would necessitate a resubmission of that (those) transaction(s).

All revisions must be submitted within 120 days after the cargo was originally reported. However, EIA must be notified of significant changes discovered after 120 days and will determine if a resubmission is needed. For each transaction that is revised, report all data elements, even those elements that did not change. For the elements that are changed, enter the corrected value/information. In correcting volumes or prices, enter the full (i.e., corrected) volume or price, not the net change.

PART I. IDENTIFICATION DATA

Report Period: Enter the year and month for which this form is being submitted.

Enter the 10-digit EIA ID Number. If you do not have a number, submit your report leaving this field blank. EIA will advise you of the number.

Enter the name and addresses of the reporting company. If they are the same, only report one address. If there is a change since the last report, enter an "X" in the block provided.

Enter contact name, telephone number, fax number and email address.

Enter the month, day, and year this report is being filed.

Type of Report: Check the box which indicates whether this form is: (1) an Original, or (2) a Resubmission. If this is a resubmission, enter the date of the report for which this report is a resubmission.

PART II. SUMMARY DATA

Total Acquisitions: Report the aggregate volume of foreign crude oil acquired by the firm in the report month for importation into the United States. All relevant acquisitions are to be included, regardless of the terms and/or conditions under which they were acquired. The total volume should equal the sum of all volumes reported in Part III column (l) for the report month. Volumes for resubmissions should not be included in this total.

Offshore Inventories: Report the aggregate volume of foreign crude oil owned by the firm, intended for eventual importation into the United States, and which is held in storage (either in terminals or floating) outside the United States and/or is enroute to the United States as of the end of the report month. The residual of cargos that had begun to be off-loaded during the report month but had not completed such off-loading should be excluded from this number.

PART III. TRANSACTIONS

Number the pages of your Part III Transactions. For example, the first of two pages would be page 1 of 2.

EIA ID Number: Enter the 10-digit identification number assigned to the reporting firm for this survey.

Report Period: Enter the year and month for which this form is being submitted.

Enter the month, day, and year this report is being filed.

Column Instruction

(a) Transaction Number: Number each original transaction consecutively for reference purposes. If more than one sheet is required, continue the number sequence.

(b) Type of Transaction: Enter the appropriate letter or letters which designate the type of transaction:

H - Cargo acquired directly from a host

government or its agent,

- T - Cargo acquired directly from a nonaffiliated third party.
- A - Cargo acquired from an affiliated company that is not part of the firm,
- AH - Affiliate-host government acquisition (see following Note), or
- AT - Affiliate-third party acquisition (see following Note).

Note: There are some circumstances wherein a firm's intracorporate transfer price from its international supply organization to its domestic operating arm may be submitted in lieu of an arms-length price (see Acquisition Price, Item (m), later in this section for specifics). For such intracorporate transfer prices, indicate, to the extent possible, the type of transaction by the supply organization. Transactions in which crude oil acquired by the supply organization from a host government under buy-back, equity, concessionary, or other non-market conditions, should be coded "AH." If your company's supply organization purchases crude from an unaffiliated third party, and the reporting of a transfer price is permitted under the terms of column (m), label the transaction "AT."

(c&d)Country/Crude Code. and Crude Type: In column (c), enter the country/stream code. (See Appendix A for a list of codes.) Enter the generic name of the crude stream in column (d) (e.g., Bonny Light, Maya, etc.). If there is no country/stream code listed in Appendix A for a particular crude, enter only the two-letter country-of-origin designator in column (c) and the generic name in column (d).

(e) Gravity: Report the actual gravity of the crude (not merely the nominal gravity as given in Appendix A) to the nearest tenth of a degree. Do not round up (e.g., gravities from 39.00 to 39.09 should be reported as 39.0). The actual gravity may differ from the nominal gravity associated with the particular stream.

(f) Date of Loading: Report the year, month, and day (YYMMDD) that the loading of the cargo was completed in the country-of-origin for exportation to the United States. In those cases in which the cargo was acquired by the firm at some time after loading in the country of-origin, report the date on which that cargo was acquired by the firm. Dates on which a cargo was transhipped from an intermediate facility should not be reported as the Date of Loading unless that is the date on which the cargo was acquired by the firm.

(g) Port of Loading: Enter the original port in the country of origin at which the crude was loaded. Abbreviate as necessary. For Canadian crude imported by pipeline, enter the point at which the crude entered the trunkline system. In cases where the original port of loading is not known (e.g., in cases where the cargo was acquired after loading), enter the notation "NA."

A transshipment facility should not be reported as the Port of Loading unless that was the location at which the cargo was acquired by the firm.

(h) Port of Destination: Enter the appropriate 4-digit U.S. Port Code to designate the port at which the crude is expected to be discharged. (See Appendix B for a list of U.S. Port Codes.) This should correspond to the Port of Destination specified on the bill of lading. If the U.S. Port is unknown at the time of this report, indicate the port where transshipment, lightering, or terminalling activities are expected to occur.

(i) Date of Landing: Enter the year and month of (expected) landing. For example, report January 2010 as 1001.

(j) Vessel: Enter the name of the vessel in which crude was loaded. Abbreviate as necessary. For Canadian crude imported by pipeline, enter the name of the pipeline, if known, or enter "Pipeline."

(k) Contract/Point Code: Enter the two-letter code which will indicate the terms and location of the acquisition. The first letter of the code will be "S," "C," "E," "N," or "T" which designates whether the acquisition was a(n):

S- Spot purchase,

C- Contract/term or continuing supply agreement,

E- Exchange agreement,

N- Netback or other agreement of a contract or continuing supply agreement nature wherein the price paid is to be determined at a future date (e.g., five days after landing), or

T- Same as "N" but the purchase was not in association with a continuing supply agreement (e.g., a spot purchase).

The second letter of the code will be "F," "P," "U," "T," or "R" which designates where the cargo was purchased:

F- Cargo acquired in country-of-origin with f.o.b. terms,

P- Cargo acquired in country-of-origin with CIF or non-f.o.b. terms,

U- Cargo acquired at U.S. port-of-entry with CIF terms,

T- Cargo acquired at U.S. port-of-entry with f.o.b. terms, or

R- Cargo acquired enroute or at an intermediate point (e.g., a terminal or trans shipment center).

For example, if under the terms of a continuing supply agreement, a respondent takes title to a shipment of oil at the port of loading under f.o.b. terms, then that respondent should enter "CF" for that shipment.

(l) Volume Acquired: Report the actual volume, in whole barrels, of each crude parcel that was acquired in the report month for importation into the United States. All

such acquisitions should be reported. Volumes/cargos previously reported to EIA on the EIA-856 but given up during the report month (i.e., either sold or delivered on exchange), or which are no longer intended for importation into the U.S., should be reported as resubmissions (see Resubmissions in Section 7). Volumes/cargos acquired and subsequently given up in the same month (i.e., the report month) should not be reported.

Since the EIA-856 is filled on a cargo-specific basis, it is implicit that the reported acquisitions will have been loaded by the time the report was filed. In cases where foreign crude oil was acquired but not loaded by the time the report was filed, those parcels should be reported as soon as the cargo-specific data are available (i.e., presumably when the volumes are loaded).

- (m) Acquisition Price: Enter the price, in dollars per barrel, that the firm paid to acquire the cargo of crude oil. Premia and discounts charged to, or given to, the purchasing firm by the seller are to be included (i.e., added or subtracted, respectively, in computing the price paid). All export taxes or fees assessed by the country of exportation should also be included. Prices need not be reported for exchange transactions. A resubmission is required if a reported transaction is subsequently subjected to retroactive price adjustments that change the previously reported price by plus or minus five percent ($\pm 5\%$).

The intracorporate transfer price charged to the U.S. domestic arm of the firm may be substituted for the firm's actual acquisition price if:

- (1) The oil is acquired from a producing government, or its wholly controlled agent, as a result of concessionary agreements between the reporting firm's international purchasing organization and the producing government. Likewise, if the oil is obtained in payment for services rendered to the producing government (such as the company's equity share of production), then the transfer price to the domestic operating company may be similarly reported as the acquisition price. In these cases where a transfer price is reported, the purchase is coded as an affiliate/host government purchase according to the instruction given in (b) above.
- (2) Occasionally, oil purchased by the firm from an unaffiliated third party may be physically commingled with the purchasing firm's existing stocks (prior, or subsequent to loading on a ship or into a pipeline). In the case where a portion of these stocks or shipments is later designated as bound for U.S. importation and the U.S. bound shipment cannot be identified with a specific purchase or purchases by the firm due to physical commingling of the oil, the firm's intracorporate transfer price to the U.S. domestic operating arm may be reported as the acquisition price. The parcel should be coded as an affiliate/third party purchase according to the instructions given in (b) above.

- (n) Other Cost: Report separately as Other Costs, in dollars per barrel, demurrage, agents fees, import tariffs and fees, wharfage, and any pipeline charges for movement of oil from offshore discharge points to the port of actual importation. (While these charges are normally treated as

non-purchase costs associated with importing or "landing" foreign oil, they are explicitly excluded by the International Energy Agency (IEA). They are reported separately here to enable the DOE to accurately fulfill its obligations to the IEA.) Do not include any charges which are reported in Landed Cost (column (o)).

- (o) Landed Cost: Report as the Landed Cost price the cost to the firm, in dollars per barrel (e.g., \$32.48), to purchase and transport the foreign crude oil to the United States. The Landed Cost price should include the price paid to acquire the crude (column (m)) plus the cost of transportation from the point of acquisition up to the point of discharge, including insurance, transshipping fees, and lightering fees. Transportation and other charges incurred in moving the cargo from the discharge port to the refinery should not be included. Do not include charges incurred at the discharge port, e.g., import tariffs or fees, wharfage charges, and demurrage charges.
- (p) Days of Credit: The number of days of credit extended to the firm by the seller is not required to be reported. This information is optional.
- (q) Name of Vendor: Enter the name of the vendor of this shipment of crude oil.

Comments: Report any occurrence that could explain variation in the data reported by your firm. List the Transaction Number(s) from column (a) which refers to the explanation.

8. PROVISIONS REGARDING CONFIDENTIALITY OF INFORMATION

The information reported on this form will be protected and not disclosed to the public to the extent that it satisfies the criteria for exemption under the Freedom of Information Act (FOIA), 5 U.S.C. §552, the Department of Energy (DOE) regulations, 10 C.F.R. §1004.11, implementing the FOIA, and the Trade Secrets Act, 18 U.S.C. §1905.

The Federal Energy Administration Act requires the EIA to provide company-specific data to other Federal agencies when requested for official use. The information reported on this form may also be made available, upon request, to another component of DOE; to any Committee of Congress, the Government Accountability Office, or other Federal agencies authorized by law to receive such information. A court of competent jurisdiction may obtain this information in response to an order. The information may be used for any nonstatistical purposes such as administrative, regulatory, law enforcement, or adjudicatory purposes.

Disclosure limitation procedures are applied to the statistical data published from EIA-856 survey information to ensure that the risk of disclosure of identifiable information is very small. Information from this form are provided to the Bureau of Labor Statistics (BLS) of the Department of Labor as a primary input for calculating price indices for foreign crude oil. Company specific data are also provided to other DOE offices for the purpose of examining United States' crude oil imports.

9. SANCTIONS

The timely submission of Form EIA-856 by those required to report is mandatory under Section 13(b) of the Federal Energy Administration Act of 1974 (FEAA) (Public Law 93-275), as amended. Failure to respond may result in a civil penalty of not more than \$2,750 per day for each violation, or a fine of not more than \$5,000 per day for each criminal violation. The government may bring a civil action to prohibit reporting violations which may result in a temporary restraining order or a preliminary or permanent injunction without bond. In such civil action, the court may also issue mandatory injunctions commanding any person to comply with these reporting requirements.

10. FILING FORMS WITH FEDERAL GOVERNMENT AND ESTIMATED REPORTING BURDEN

Respondents are not required to file or reply to any Federal collection of information unless it has a valid OMB control number. Public reporting burden for this collection of information is estimated to average 6.1 hours per response, including the time of reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information including suggestions for reducing this burden to: Energy Information Administration, Statistics and Methods Group, EI-70, 1000 Independence Avenue, S.W., Washington, D.C. 20585; and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, D.C. 20503.

11. DEFINITIONS

Acquisition (foreign crude oil) - All transfers of ownership of foreign crude oil to the firm, irrespective of the terms of that transfer. Acquisitions thus include all purchases and exchange receipts as well as any and all foreign crude acquired under reciprocal buy-sell agreements or acquired as a result of a buy-back or other preferential agreement with a host government.

Affiliate - An entity which is directly or indirectly owned, operated, or controlled by another entity. **See Firm.**

Buy-Back Oil - Crude oil acquired from a host government whereby a portion of the government's ownership interest in the crude oil produced in that country may or should be purchased by the producing firm.

CIF (Cost, Insurance, and Freight) - A sales transaction in which the seller pays for the transportation and insurance of the goods up to the port of destination specified by the buyer.

Concession - The operating right to explore for and develop petroleum fields in consideration for a share of production in kind (equity oil).

Concessionary Purchases - The quantity of crude oil exported during the reporting period which was acquired from the producing government under terms which arise from the firm's participation in a concession. It includes preferential crude where the reporting firm's access to such crude is derived from a former concessionary relationship.

Consolidated Entity - (See Firm)

Contract - (See Term Agreement)

Crude Oil - A mixture of hydrocarbons that exists in liquid phase in natural under-ground reservoirs and remains liquid at atmospheric pressure after passing through surface separating facilities. Depending upon the characteristics of the crude stream, it may also included:

- (a) Small amounts of hydrocarbons that exist in gaseous phase in natural underground reservoirs but are liquid at atmospheric pressure after being recovered from oil well (casinghead) gas in lease separators and are subsequently commingled with the crude stream without being separately measured. Lease condensate recovered as a liquid from natural gas wells in lease or field separation facilities and later mixed into the crude stream is also included;
- (b) Small amounts of nonhydrocarbons produced with the oil, such as sulfur and various metals;
- (c) Drip gases, and liquid hydrocarbons produced from oil sands, gilsonite, and oil shale.

Liquids produced at natural gas processing plants are excluded. Crude oil is refined to produce a wide array of petroleum products, including heating oils; gasoline, diesel and jet fuels; lubricants; asphalt; ethane, propane, and butane; and many other products used for their energy or chemical content.

Crude oil is considered as either domestic or foreign according to the following:

Domestic: Crude oil produced in the United States or from its outer continental shelf as defined in 43 U.S.C. §1331.

Foreign: Crude oil produced outside the United States.

Demurrage - The charge paid to the vessel owner or operator for detention of a vessel at the port(s) beyond the time allowed, usually 72 hours, for loading and unloading.

Equity Crude Oil - The proportion of production which a concession owner has the legal and contractual right to retain.

Exchange - Any transaction in which quantities of crude oil, or any other petroleum product, are received or given up in return for other crude oil or petroleum products.

Firm - An association, company, corporation, estate, individual, joint venture, partnership, sole proprietorship, or any other entity, however organized, including: (a) charitable or educational institutions; (b) the Federal Government, including corporations, departments, Federal agencies and other instrumentalities; (c) and State and local governments.

A firm may consist of (1) a parent entity, including the consolidated and unconsolidated entities (if any) that it directly or indirectly controls; (2) a parent and its consolidated entities only; (3) an unconsolidated entity; or (4) any part or combination of the above. These are defined as:

- (a) **Parent** - A firm that is not directly or indirectly controls another entity.
- (b) **Parent and its Consolidated Entities** - A parent and those firms (if any) directly or indirectly controlled by the parent which are consolidated with the parent for purposes of financial statements prepared in accordance with generally accepted accounting principles historically and consistently applied. An individual shall be deemed to control a firm which is directly controlled by him or by his father, mother, spouse, children, or grandchildren.
- (c) **Unconsolidated Entity** - A firm directly or indirectly controlled by a parent but not consolidated with the parent for purpose of financial statements prepared in accordance with generally accepted accounting principles. An unconsolidated entity includes any firm consolidated with the unconsolidated entity for purposes of financial statements prepared in accordance with generally accepted accounting principles historically and consistently applied. An individual shall be deemed to control a firm which is directly controlled by him or by his father, mother, spouse, children, or grandchildren.
- (d) **Affiliate** - An entity either partially or totally owned and/or controlled by another firm and which may or may not be one of the firm's consolidated entities.
- (e) **Parent and Affiliated Firms** - A parent firm together with those firms which are its consolidated and unconsolidated entities.

F.O.B. Price - The price actually charged at the producing country's port of loading. The reported price should be after deducting any rebates and discounts or adding premia where applicable and should be the actual price paid with no adjustment for credit terms.

Host Government - The government (including any government controlled firm engaged in the production, refining or marketing of crude oil or petroleum products) of the foreign country in which the crude oil is produced.

Landed Cost - Landed Cost represents the dollar per barrel price of crude oil at the port of discharge. Included are the charges associated with the purchase, transporting, and insuring of a cargo from the purchase point to the port of discharge. Not included are charges incurred at the discharge port (e.g., import tariffs or fees, wharfage charges, and demurrage charges).

Lease Condensate - A mixture consisting primarily of pentanes and heavier hydrocarbons which is recovered as a liquid from natural gas in lease separation facilities. This category excludes natural gas liquids, such as butane and propane, which are recovered at downstream natural gas processing plants or facilities.

Netback Purchase - Refers to a crude oil purchase agreement wherein the price paid for the crude is determined by sales prices of the types of products that are derivable from that crude as well as other considerations (e.g., transportation and processing costs). Typically, the price is calculated based on product prices extant on or near the cargo's date of importation.

Spot Purchase - A spot purchase transaction is a purchase which does not fall under the terms of a continuing supply arrangement. The conditions of the transaction between the importer and the seller determine whether a particular purchase is spot. For instance, in the case where a company has an on-going crude supply contract with a supplier, the crude supplied under that contract is treated as term even if purchased at a spot market price, so long as it is supplied to the importer under the continuing supply arrangement. If, on the other hand, the supplier delivers crude outside the conditions of the on-going supply arrangement, then the purchase covering such supply should be reported as a spot transaction.

DOE is aware of the difficulty in identifying spot transactions, and asks the respondents to indicate spot transactions where they consider the conditions of the purchase to conform to their own judgement of spot transactions outside of normal term arrangements.

Stream - Crude oil produced in a particular field or a collection of crude oils with similar qualities from fields in close proximity, which the petroleum industry usually describes with a specific name, such as Saudi Light.

Term Agreement - A term or contract agreement is any written or unwritten agreement between two parties in which one party agrees to supply a commodity on a continuing basis to a second party for a price or for other considerations.

Third Party Transactions - Third party transactions are arms-length transactions between nonaffiliated firms. For the purpose of this report, producing country-to-company transactions are not considered to be third party transactions. (See Instructions for Part III, Column (b))

Transshipment - A method of ocean transportation whereby ships offload their oil cargo to a deepwater terminal, floating storage facility, temporary storage, or to one or more smaller tankers from which or in which the oil is then transported to a market destination.