

**Participation by U.S. person in project with Libyan ownership
(letter signed on April 28, 2003)**

**APRIL 28, 2003
030428-FACRL-LI-01**

FAC No.

Dear :

This is with regard to your letter of May 17, 2002 to the Treasury Department's Office of Foreign Assets Control ("OFAC") on behalf of [text deleted], a non-U.S. entity. In your letter you requested a license authorizing you to engage in transactions relating to [non-U.S. entity] entering into a joint venture contract with [non-U.S. corporation], a [third country] Government corporation, and a citizen of [third country] for mineral exploration in [third country]. As we understand the facts, [non-U.S. entity] would participate in a project to explore for mineral deposits in [third country]. Further, it appears from your letter that, through partial ownership of [non-U.S. corporation], the Government of Iraq and the Government of Libya have ownership interests of approximately 6 percent and 4 percent, respectively, in the joint venture.

Section 575.201(a) of the Iraqi Sanctions Regulations, 31 C.F.R. Part 575 (the "ISR") and Section 550.209 of the Libyan Sanctions Regulations, 31 C.F.R. Part 550, (the "LSR") generally prohibit U.S. persons from dealing in property in which the Government of Iraq (the "GOI") or the Government of Libya (the "GOL") has an interest, including contracts of any nature whatsoever.

Section 575.306 of the ISR defines the term GOI to include any partnership, association, corporation, or other organization substantially owned or controlled by the GOI or any agency or instrumentality thereof, or any other person or organization determined by the Secretary of the Treasury to be included within this section. Similarly, § 550.304 of the LSR defines the term GOL to include any partnership, association, corporation, or other organization substantially owned or controlled by the GOL or any agency or instrumentality thereof, or any other person or organization determined by the Secretary of the Treasury to be included within this section.

[Non-U.S. corporation] has not been designated by the Secretary of the Treasury as an entity which is owned or controlled by either the GOI or the GOL. Further, the percentage of ownership interests described in your letter, in and of themselves, are not of sufficient magnitude to result in designation.

Because [non-U.S. entity] is not a U.S. person within the meaning of § 575.321 of the ISR or § 550.308 of the LSR, OFAC has no jurisdiction over the business operations of [non-U.S. entity]. As a U.S. person, you are subject to the provisions of the ISR and the LSR.

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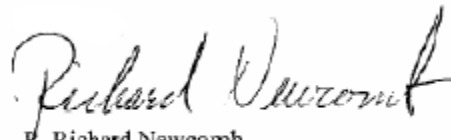
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Your directing, authorizing, or otherwise facilitating a contract between [non-U.S. entity], [non-U.S. corporation], and a citizen of [third country] for mineral exploration in [third country] may or may not require a license from OFAC depending on the nature of the contract. If the contract, because of [non-U.S. corporation's] existence as a joint venture, entails the creation of any rights and obligations directly between you or your company and Iraq or Libya, a license would be required for your participation in the entering into and implementation of the contract.

In addition, if Iraq or Libya is entitled to specific production sharing or other benefits as part of the development of the [third country] resources, a license would be required for you to direct, authorize, or otherwise facilitate any activity of [non-U.S. entity] in furtherance of such benefits to Iraq or Libya.

If you have any additional questions about this matter or other U.S. economic sanctions programs administered by OFAC, you may refer to our web site at www.treas.gov/ofac or call our office at (202)622-2480.

Sincerely,



R. Richard Newcomb
Director
Office of Foreign Asscets Control