

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

PIERIDAE ENERGY (USA), LTD.

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FE DOCKET NO. 14-179-LNG

ORDER GRANTING LONG-TERM, MULTI-CONTRACT
AUTHORIZATION TO EXPORT NATURAL GAS TO
CANADA AND TO OTHER FREE TRADE AGREEMENT NATIONS

DOE/FE ORDER NO. 3639

MAY 22, 2015

I. DESCRIPTION OF REQUEST

On October 24, 2014, Pieridae Energy (USA) Ltd. (Pieridae) filed an application (Application)¹ with the Office of Fossil Energy (FE) of the Department of Energy (DOE) under section 3 of the Natural Gas Act (NGA)² requesting long-term, multi-contract authorization to export natural gas from the United States to Canada and, after liquefaction in Canada, to other countries as described below, in a combined total volume equivalent to 292 billion cubic feet per year (Bcf/yr) of natural gas (0.8 Bcf per day (Bcf/d)). Pieridae states that the natural gas will be exported to Canada at the United States-Canada border near Baileyville, Maine, at the juncture of the Maritimes & Northeast (M&N) US Pipeline and the M&N Canada Pipeline (collectively, the M&N Pipeline). Pieridae seeks to export this volume of natural gas in any allocation among the following three purposes:

- (i) To use as feedstock in a proposed Canadian natural gas liquefaction facility called the Goldboro LNG Project—to be developed by one or more Pieridae affiliates and to be located at the Goldboro Industrial Park in Guysborough County, Nova Scotia, Canada—and for other potential uses in Canada;
- (ii) To use as feedstock in the Goldboro LNG Project, where the U.S.-sourced natural gas is liquefied, then re-exported³ as LNG from Canada by vessel to one or more countries with which the United States has a free trade agreement requiring national treatment for trade in natural gas (FTA countries),⁴ and

¹ Pieridae Energy (USA) Ltd., Application for Long-Term, Multi-Contract Authorization to Export Natural Gas to Canada for Consumption and Through Canada to Free Trade and Non-Free Trade Agreement Nations after Conversion into LNG, FE Docket No. 14-179-LNG (Oct. 24, 2014) [hereinafter Pieridae App.].

² 15 U.S.C. § 717b. The authority to regulate the imports and exports of natural gas, including liquefied natural gas, under section 3 of the NGA (15 U.S.C. § 717b) has been delegated to the Assistant Secretary for FE in Redelegation Order No. 00-006.02 issued on November 17, 2014.

³ For purposes of this Order, “re-export” means to ship or transmit U.S.-sourced natural gas in its various forms (gas, compressed, or liquefied) subject to DOE/FE’s jurisdiction under the Natural Gas Act, 15 U.S.C. § 717b, from one foreign country (*i.e.*, a country other than the United States) to another foreign country.

⁴ The United States currently has FTAs requiring national treatment for trade in natural gas with Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore. FTAs with Israel and Costa Rica do not require national treatment for trade in natural gas.

- (iii) To use as feedstock in the Goldboro LNG Project, where the U.S.-sourced natural gas is liquefied, then re-exported as LNG from Canada by vessel to any other country with which trade is not prohibited by U.S. law or policy (non-FTA countries).⁵

Pieridae requests this export authorization for a 20-year term to commence on the earlier of the date of first export or seven years from the date the authorization is granted (May 22, 2022).

Pieridae requests this authorization on its own behalf and as agent for other entities who hold title to the natural gas at the time it is exported to Canada and/or to the U.S.-sourced natural gas at the time it is re-exported as LNG from Canada.⁶

Pursuant to NGA section 3(c), 15 U.S.C. § 717b(c), this Order grants the Application in part. Pieridae is authorized to export natural gas to Canada by pipeline for purposes of end use⁷ in Canada, and to re-export the U.S. sourced natural gas, after liquefaction in Canada, to FTA countries for end use in FTA countries, in the total combined volume of 292 Bcf/yr of natural gas.

The portion of the Application that seeks authorization to export U.S.-sourced natural gas to non-FTA countries and/or to FTA countries for end use in non-FTA countries⁸ remains pending in the current docket and will be reviewed separately under NGA section 3(a), 15 U.S.C. § 717b(a).⁹ Section 3 of the NGA differentiates between exports of natural gas to non-FTA

⁵ See Pieridae App. at 4 n.4 (“Pieridae US’s request is for authorization to export up to 292 Bcf/yr of natural gas in the aggregate, divided up in any manner it chooses between [its] Specified Purposes.”).

⁶ On May 8, 2015, Pieridae submitted a Supplement to the Application, in which it requested authority to export natural gas as an agent for other entities, in addition to exporting the natural gas on its own behalf. See Pieridae Energy (USA) Ltd., Supplement to Application, FE Docket No. 14-179-LNG (May 8, 2015) [hereinafter Pieridae Supplement]; see also *infra* § II (Procedural History).

⁷ For purposes of this Order, “end use” is defined as combustion or other chemical reaction conversion process (*e.g.*, conversion to methanol).

⁸ See Pieridae App. at 4 n.3 (“Upon the DOE/FE authorizing exports to both FTA Countries and Non-FTA Countries, Pieridae US also seeks authorization for the export of natural gas from the US that is converted to LNG to be exported from Canada initially to (a) a FTA Country where the natural gas is ultimately consumed in a Non-FTA Country”) (emphasis added).

⁹ See Pieridae Energy (USA) Ltd.; Application for Long-Term Authorization to Export Domestically Produced Natural Gas Through Canada to Non-Free Trade Agreement Countries After Liquefaction to Liquefied Natural Gas for a 20-Year Period, 79 Fed. Reg. 73,285 (Dec. 10, 2014) (Notice of Application).

countries and exports to FTA countries. In determining whether an export is to a FTA or non-FTA country, DOE/FE believes it must look to the trade status of the country in which the natural gas or LNG is delivered for end use. To do otherwise would allow exporters to evade the public interest review and opportunity for public participation afforded in non-FTA export proceedings under NGA section 3(a), simply by transiting the natural gas or LNG through a FTA country en route to a non-FTA country. We do not believe Congress intended the dual-track scheme it created in the NGA to be so easily evaded.

II. BACKGROUND

Applicant. Pieridae states that it is a corporation formed under the federal laws of Canada. Pieridae states that it filed the Application in its capacity as the sole general partner of Goldboro LNG Limited Partnership II, a limited partnership formed under the laws of the Province of Alberta, Canada.

Both Pieridae and Goldboro LNG Limited Partnership II are controlled by Pieridae Energy Limited, which owns all of Pieridae's capital stock and all of the limited partner interests in Goldboro LNG Limited Partnership II. Pieridae Energy Limited is a privately held corporation formed under the federal laws of Canada.

Additionally, Pieridae's affiliate Pieridae Energy (Canada) Ltd. (Pieridae CA) is a corporation formed under the federal laws of Canada. It is the sole general partner of Goldboro LNG Limited Partnership, formed under the laws of the Province of Alberta, Canada. Pieridae Energy Limited owns substantially all of the shares in Pieridae CA and substantially all of the limited partner interests in Goldboro LNG Limited Partnership.

Pieridae states that the principal business offices of Pieridae Energy Limited and its subsidiary corporations are located in Halifax, Nova Scotia.

Procedural History. As noted above, Pieridae filed its Application on October 24, 2014, and filed a Supplement to the Application on May 8, 2015. In the Supplement, Pieridae states that, “since the filing of the Application, Pieridae, as well as its affiliates, have redefined their business plans with respect to (1) the Goldboro LNG Project ..., and (2) some of the arrangements for the supply of natural gas to Goldboro.”¹⁰ This supplemental information, which supersedes certain information contained in the Application, is incorporated below.

Liquefaction Project. In the portion of the Application subject to this Order, Pieridae requests authorization to engage in exports of up to 292 Bcf/yr of natural gas from the United States. Specifically, Pieridae states that it expects to use in Canada a portion of the exported natural gas and that, once LNG Train 2 of the Goldboro LNG Project (described below) commences commissioning, to use a portion of the exported U.S.-sourced natural gas as feedstock in the production of LNG for the sale and export from Canada to other countries.¹¹

Pieridae states that such exports of U.S.-sourced natural gas would be made from a point located near Baileyville, Maine, on the M&N US Pipeline at or near meter station ID 30014.¹² The natural gas would be transported from the export point through the M&N Canada Pipeline, which extends from the Canadian side of the proposed export point throughout the Provinces of New Brunswick and Nova Scotia, including to a point immediately adjacent to the proposed Goldboro LNG Project. The Goldboro LNG Project is to be located at the Goldboro Industrial Park in Guysborough County, Nova Scotia.

Pieridae states that the construction and operation of the Goldboro LNG Project are necessary to move the natural gas beyond Canada to serve overseas markets. According to

¹⁰ Pieridae Supplement at 3.

¹¹ Pieridae App. at 9.

¹² A map showing the location of the export point and a map of the M&N Pipeline are appended to the Application as Appendices A and B, respectively.

Pieridae, the Goldboro LNG Project will be capable of producing approximately 10 million metric tons per annum (mtpa) of LNG, which it states is equivalent to approximately 487 Bcf/yr of natural gas (1.33 Bcf/d). Pieridae states that the Goldboro LNG Project will have two substantially identical liquefaction production facilities (LNG Train 1 and 2), natural gas treatment and compression equipment, LNG storage and marine loading facilities, as well as ancillary facilities. Additionally, the Project will have at least two full containment, cryogenic, LNG storage tanks, each with a capacity of up to 230,000 cubic meters. The maximum on-site LNG storage capacity will be equivalent to approximately 9.7 Bcf of natural gas. Marine loading facilities (including two LNG ship loading berths) and other common facilities are described in the Application.

Pieridae states that each LNG train will have the capability of producing approximately five mtpa of LNG. The use of the production capacity for Train 1 will be reserved for Pieridae CA, and the use of the production capacity of Train 2 will be reserved for Pieridae.

Source of Natural Gas. Pieridae states that it will source natural gas from the United States and Canada for use as feedstock in the production of LNG from Train 2 for export to its customers.¹³ Citing the existing M&N US Pipeline, its interconnections with other pipeline systems in the Eastern United States, and the “various proposed enhancements to such natural gas transportation facilities,” Pieridae asserts that it will have the ability to source natural gas from “almost any point” on the U.S. natural gas pipeline grid through direct physical delivery or by displacement. Pieridae further states that natural gas from the Marcellus and Utica producing regions can be readily tapped to source its proposed exports.

¹³ Pieridae states that, “[i]n contrast, Pieridae CA will source natural gas from Canada for use as feedstock in the production of LNG from Train 1 for sale and export,” and that “the natural gas from both sources will be physically comingled prior to processing and liquefaction.” Pieridae App. at 21 n.27.

Business Model. In the Supplement to its Application, Pieridae states that it plans to sell and transfer title to some or all of the natural gas that it exports from the United States to one or more entities and/or affiliates, such as Pieridae CA. According to Pieridae, the point of sale and transfer of title of the natural gas would occur at a point on the Canadian side of the United States-Canadian border before the natural gas is processed into LNG at the Goldboro LNG Project. In the case of natural gas purchased by Pieridae CA, Pieridae CA would be responsible for both the production of LNG from the natural gas and the re-export of the LNG produced from U.S.-sourced natural gas to other countries, as authorized in this Order. In light of these anticipated arrangements, Pieridae requests authorization to export natural gas on its own behalf and as agent for other entities (including but not limited to Pieridae CA) who would hold title to the natural gas exported from the United States, including LNG made from the U.S.-sourced natural gas.¹⁴ Pieridae states that it will comply with all DOE/FE requirements for exporters and agents, as set forth in DOE/FE precedent and described in the Application.¹⁵

Pieridae further states that it plans to enter into long-term natural gas supply contracts and long-term LNG sales contracts, and that it will submit to DOE/FE all relevant contracts under seal at the appropriate time.

Environmental Review. Pieridae asserts that neither it nor Pieridae CA will construct, expand, or modify any pipeline facilities in the United States in conjunction with its proposed exports of natural gas from the United States to Canada.¹⁶ Accordingly, Pieridae anticipates that DOE/FE “will fulfill its responsibilities under the National Environmental Policy Act ... by concluding that acting on the Application falls within an existing categorical exclusion or by [DOE/FE] making its own finding of no significant impact without an extensive environmental

¹⁴ Pieridae Supplement at 4.

¹⁵ See Pieridae App. at 4-5.

¹⁶ *Id.* at 63.

review”¹⁷ Pieridae states that DOE/FE’s approval of natural gas exports as requested by Pieridae would fall within DOE/FE’s categorical exclusion B5.7, *Import or export natural gas, with operational changes*, which applies to “[a]pprovals ... of new authorizations ... to ... export natural gas under section 3 of the Natural Gas Act that involve minor operational changes (such as changes in natural gas throughput, transportation, and storage operations) but not new construction.”¹⁸

III. FINDINGS

(1) Section 3(c) of the NGA was amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486) to require that applications requesting authority for (a) the import and export of natural gas, including LNG, from and to a nation with which there is in effect a FTA requiring national treatment for trade in natural gas, and/or (b) the import of LNG from other international sources, be deemed consistent with the public interest and granted without modification or delay. The portion of this Application requesting authorization to export natural gas from the United States to Canada and, after liquefaction in Canada, to other FTA countries for end use in FTA countries falls within section 3(c), as amended and, therefore, DOE/FE must grant the requested authorization without modification or delay.¹⁹

(2) In light of DOE’s statutory obligation to grant the portion of the Application pertaining to FTA countries without modification or delay, there is no need for DOE/FE to review the other arguments asserted by Pieridae in support of the Application. The instant grant of authority should not be read to indicate DOE/FE’s views on those arguments.

¹⁷ *Id.* at 14; *see also id.* at 59-70 (“Applicability of an Existing Categorical Exclusion”).

¹⁸ *Id.* at 59.

¹⁹ DOE further finds that the requirement for public notice of applications and other hearing-type procedures in 10 C.F.R. Part 590, are applicable only to applications seeking to export natural gas, including LNG, to countries with which the United States does not have a FTA requiring national treatment for trade in natural gas.

(3) The countries with which the United States has an FTA requiring national treatment for trade in natural gas currently are: Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore.

(4) As described above, Pieridae requests authorization to export natural gas on its own behalf and as agent for other entities. DOE/FE previously addressed the issue of Agency Rights in DOE/FE Order No. 2913,²⁰ which granted Freeport LNG Expansion, L.P., *et al.* (collectively, FLEX) authority to export LNG to FTA countries. In that order, DOE/FE approved a proposal by FLEX to register each LNG title holder for whom FLEX sought to export LNG as agent. DOE/FE found that this proposal was an acceptable alternative to the non-binding policy adopted by DOE/FE in *The Dow Chemical Company*,²¹ which established that the title for all LNG authorized for export must be held by the authorization holder at the point of export. We find that the same policy considerations that supported DOE/FE's acceptance of the alternative registration proposal in DOE/FE Order No. 2913 apply here as well.

DOE/FE reiterated its policy on Agency Rights procedures in *Gulf Coast LNG Export, LLC*.²² In *Gulf Coast*, DOE/FE confirmed that, in LNG export orders in which Agency Rights have been granted, DOE/FE shall require registration materials filed for, or by, an LNG title-holder (Registrant) to include the same company identification information and long-term

²⁰ *Freeport LNG Expansion, L.P., et al.*, DOE/FE Order No. 2913, FE Docket No. 10-160-LNG, Order Granting Long-Term Authorization to Export Liquefied Natural Gas from Freeport LNG Terminal to Free Trade Nations (Feb. 10, 2011).

²¹ *The Dow Chemical Company*, DOE/FE Order No. 2859, FE Docket No. 10-57-LNG, Order Granting Blanket Authorization to Export Liquefied Natural Gas, at 7-8 (Oct. 5, 2010), discussed in *Freeport LNG*, DOE/FE Order No. 2913, at 7-8.

²² *Gulf Coast LNG Export, LLC*, DOE/FE Order No. 3163, FE Docket No. 12-05-LNG, Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas By Vessel from the Proposed Brownsville Terminal to Free Trade Agreement Nations (Oct. 16, 2012).

contract information of the Registrant as if the Registrant had filed an application to export LNG on its own behalf.²³

To ensure that the public interest is served, the authorization granted herein shall be conditioned to require that where Pieridae proposes to act as an agent for other entities who hold title to the natural gas or LNG (Registrants), Pieridae must register those entities with DOE/FE in accordance with the procedures and requirements described herein.

(5) Section 590.202(b) of DOE's regulations requires applicants to supply transaction specific factual information "to the extent practicable."²⁴ Additionally, DOE regulations at 10 C.F.R. § 590.202(e) allow confidential treatment of the information supplied in support of or in opposition to an application if the submitting party requests such treatment, shows why the information should be exempted from public disclosure, and DOE determines it will be afforded confidential treatment in accordance with 10 C.F.R. § 1004.11.

(6) DOE/FE will require that Pieridae file or cause to be filed with DOE/FE any relevant long-term commercial agreements (contracts) pursuant to which Pieridae exports natural gas or re-exports U.S.-sourced natural gas as LNG as agent for a Registrant once those agreements have been executed. DOE/FE finds that the submission of all such agreements or contracts within 30 days of their execution using the procedures described below will be consistent with the "to the extent practicable" requirement of section 590.202(b). By way of example and without limitation, a "relevant long-term commercial agreement" would include an agreement with a minimum term of two years, such as a long-term sales contract involving U.S.-sourced natural gas stored or liquefied at the Goldboro LNG Project.

²³ *See id.* at 7-8.

²⁴ 10 C.F.R. § 590.202(b).

(7) DOE/FE also will require Pieridae to file any long-term contracts Pieridae enters into providing for the long-term re-export of U.S.-sourced natural gas as LNG on its own behalf from the Goldboro LNG Project. DOE/FE finds that the submission of these contracts within 30 days of their execution using the procedures described below will be consistent with the “to the extent practicable” requirement of section 590.202(b).

(8) In addition, DOE/FE finds that section 590.202(c) of DOE/FE’s regulations²⁵ requires that Pieridae file, or cause to be filed, all long-term contracts associated with the long-term supply of U.S.-sourced natural gas to the Goldboro LNG Project within 30 days of their execution that either Pieridae or the Registrant enters into.

(9) DOE/FE recognizes that some information in Pieridae’s or a Registrant’s long-term commercial agreements associated with the export of natural gas and/or the re-export of U.S.-sourced natural gas as LNG, and/or long-term contracts associated with the long-term supply of U.S.-sourced natural gas to the Goldboro LNG Project, may be commercially sensitive. DOE/FE therefore will provide Pieridae the option to file or cause to be filed either unredacted contracts, or in the alternative: (A) Pieridae may file, or cause to be filed, long-term contracts under seal, but it also will file either: i) a copy of each long-term contract with commercially sensitive information redacted, or ii) a summary of all major provisions of the contract(s) including, but not limited to, the parties to each contract, contract term, quantity, any take or pay or equivalent provisions/conditions, destinations, re-sale provisions, and other relevant provisions; and (B) the filing must demonstrate why the redacted information should be exempted from public disclosure.

To ensure that DOE/FE destination and reporting requirements included in the Order are conveyed to subsequent title holders, DOE/FE will include as a condition of this authorization

²⁵ *Id.* § 590.202(c).

that future contracts for the sale or transfer of natural gas or LNG exported pursuant to the Order shall include an acknowledgement of these requirements.

ORDER

Pursuant to section 3 of the NGA, it is ordered that:

A. Pieridae is authorized to export U.S.-sourced natural gas by pipeline from the United States to Canada for end use in Canada and/or, after liquefaction in Canada, by vessel from the proposed Goldboro LNG Project, to be located in Halifax, Nova Scotia, Canada, to FTA countries for end use in FTA countries. The total combined volume authorized in this Order is up to the equivalent of 292 Bcf/yr of natural gas for a 20-year term, beginning on the earlier of the date of first export or seven years from the date the authorization is issued (May 22, 2022). Pieridae is authorized to act on its own behalf and as agent for other entities who hold title to the natural gas, pursuant to one or more long-term contracts (a contract greater than two years).

B. This natural gas may be re-exported as LNG for end use to Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore, and to any nation with which the United States subsequently enters into a FTA requiring national treatment for trade in natural gas, provided that the destination nation has the capacity to import LNG via ocean going vessels. FTA countries are currently identified by DOE/FE at: <http://www.fossil.energy.gov/programs/gasregulation/index.html>.

C. Pieridae shall ensure that all transactions authorized by this Order are permitted and lawful under U.S. laws and policies, including the rules, regulations, orders, policies, and other determinations of the Office of Foreign Assets Control of the United States Department of the Treasury. Failure to comply with this requirement could result in rescission of this authorization and/or other civil or criminal remedies.

D. (i) Pieridae shall file, or cause others to file, with the Office of Oil and Gas Global Security and Supply a non-redacted copy of all executed long-term contracts associated with the long-term re-export of U.S.-sourced natural gas as LNG on its own behalf or as agent for other entities from the Goldboro LNG Project. The non-redacted copies may be filed under seal and must be filed within 30 days of their execution. Additionally, if Pieridae has filed the contracts described in the preceding sentence under seal or subject to a claim of confidentiality or privilege, within 30 days of their execution, Pieridae shall also file, or cause others to file, for public posting either: i) a redacted version of the contracts described in the preceding sentence, or ii) major provisions of the contracts. In these filings, Pieridae shall state why the redacted or non-disclosed information should be exempted from public disclosure.

(ii) Pieridae shall file, or cause others to file, with the Office of Oil and Gas Global Security and Supply a non-redacted copy of all executed long-term contracts associated with the long-term supply of natural gas to the Goldboro LNG Project. The non-redacted copies may be filed under seal and must be filed within 30 days of their execution. Additionally, if Pieridae has filed the contracts described in the preceding sentence under seal or subject to a claim of confidentiality or privilege, within 30 days of their execution, Pieridae shall also file, or cause others to file, for public posting either: i) a redacted version of the contracts described in the preceding sentence, or ii) major provisions of the contracts. In these filings, Pieridae shall state why the redacted or non-disclosed information should be exempted from public disclosure.

E. Pieridae shall include, and require others for whom Pieridae acts as agent to include, the following provision in any agreement or other contract for the sale or transfer of U.S.-sourced natural gas as LNG for end use in FTA countries pursuant to this Order:

Customer or purchaser acknowledges and agrees that it will resell or transfer LNG purchased hereunder for delivery only to countries identified in Ordering Paragraph B of DOE/FE Order No. 3639, issued May 22, 2015, in FE Docket No. 14-179-LNG, and/or to purchasers that have agreed in writing to limit their direct or indirect resale or transfer of such LNG to such countries. Customer or purchaser further commits to cause a report to be provided to Pieridae Energy (USA) Ltd. that identifies the country of destination, upon delivery, into which the exported LNG was actually delivered, and to include in any resale contract for such LNG the necessary conditions to ensure that Pieridae Energy (USA) Ltd. is made aware of all such actual destination countries.

F. Pieridae is permitted to use its authorization in order to act as agent for other entities, after registering the other parties with DOE/FE. Registration materials shall include an acknowledgement and agreement by the Registrant to supply Pieridae with all information necessary to permit Pieridae to register that person or entity with DOE/FE, including: (1) the Registrant's agreement to comply with this Order and all applicable requirements of DOE's regulations at 10 C.F.R. Part 590, including but not limited to destination restrictions; (2) the exact legal name of the Registrant, state/location of incorporation/registration, primary place of doing business, and the Registrant's ownership structure, including the ultimate parent entity if the Registrant is a subsidiary or affiliate of another entity; (3) the name, title, mailing address, e-mail address, and telephone number of a corporate officer or employee of the Registrant to whom inquiries may be directed; (4) within 30 days of execution, a copy of any long-term contracts not previously filed with DOE/FE, described in Ordering Paragraph D of this Order.

G. Each registration submitted pursuant to this Order shall have current information on file with DOE/FE. Any changes in company name, contact information, change in term of the long-term contract, termination of the long-term contract, or other relevant modification, shall be filed with DOE/FE within 30 days of such change(s).

H. As a condition of this authorization, Pieridae shall ensure that all persons required by this Order to register with DOE/FE have done so. Any failure by Pieridae to ensure that all such

persons or entities are registered with DOE/FE shall be grounds for rescinding in whole or in part the authorization.

I. Within two weeks after the first export of U.S.-sourced natural gas occurs from the United States as authorized in Ordering Paragraph A above, Pieridae shall provide written notification of the date of first export to DOE/FE.

J. Pieridae shall file with the Office of Oil and Gas Global Security and Supply, on a semi-annual basis, written reports describing the progress of the proposed Goldboro LNG Project. The reports shall be filed on or by April 1 and October 1 of each year, and shall include information on the progress of the Goldboro LNG Project, the date the facility is expected to be operational, and the status of the long-term contracts associated with the long-term export of U.S.-sourced natural gas as LNG and any long-term supply contracts.

K. Prior to any change in control of the authorization holder, Pieridae must obtain the approval of the Assistant Secretary for Fossil Energy. For purposes of this Ordering Paragraph, a “change in control” shall include any change, directly or indirectly, of the power to direct the management or policies of Pieridae, whether such power is exercised through one or more intermediary companies or pursuant to an agreement, written or oral, and whether such power is established through ownership or voting of securities, or common directors, officers, or stockholders, or voting trusts, holding trusts, or debt holdings, or contract, or any other direct or indirect means.²⁶

L. Monthly Reports: With respect to the exports authorized by this Order, Pieridae shall file with the Office of Oil and Gas Global Security and Supply, within 30 days following the last day of each calendar month, a report indicating whether exports of natural gas have been made.

²⁶ See U.S. Dep’t of Energy, Procedures for Changes in Control Affecting Applications and Authorizations to Import or Export Natural Gas, 79 Fed. Reg. 65,641 (Nov. 5, 2014).

The first monthly report required by this Order is due not later than the 30th day of the month following the month of first export. In subsequent months, if exports have not occurred, a report of “no activity” for that month must be filed. If exports of natural gas have occurred, the report must give the following details: (1) the country of destination; (2) the point(s) of exit; (3) the volume in thousand cubic feet (Mcf); (4) the average purchase price of gas per million British thermal units (MMBtu) at the international border; (5) the name of the supplier(s); (6) the name of the U.S. transporter(s); and (7) the estimated or actual duration of the supply agreement(s).

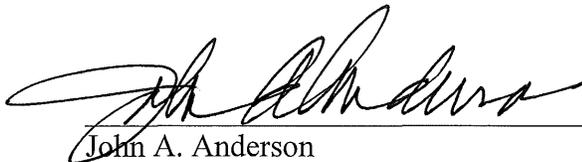
With respect to the re-export of U.S.-sourced natural gas as LNG authorized by this Order, Pieridae shall file with the Office of Oil and Gas Global Security and Supply, within 30 days following the last day of each calendar month, a report indicating whether re-exports of this LNG for end use in FTA countries have been made. The first monthly report required by this Order is due not later than the 30th day of the month following the month of first export. In subsequent months, if re-exports have not occurred, a report of “no activity” for that month must be filed. If re-exports of this LNG for end use in FTA countries have occurred, the report must give the following details of each LNG cargo: (1) the name(s) of the authorized exporter registered with DOE/FE; (2) the name of the export terminal; (3) the name of the LNG tanker; (4) the date of departure from the export terminal; (5) the country (or countries) of destination into which the LNG was actually delivered; (6) the name of the supplier/seller; (7) the volume in Mcf; (8) the price at point of export per million British thermal units (MMBtu); (9) the duration of the supply agreement (indicate spot sales); and (10) the name(s) of the purchaser(s).

(Approved by the Office of Management and Budget under OMB Control No. 1901-0294)

M. All monthly report filings shall be made to U.S. Department of Energy (FE-34), Office of Fossil Energy, Office of Oil and Gas Global Security and Supply, P.O. Box 44375,

Washington, D.C. 20026-4375, Attention: Natural Gas Reports. Alternatively, reports may be e-mailed to ngreports@hq.doe.gov, or may be faxed to Natural Gas Reports at (202) 586-6050.

Issued in Washington, D.C., on May 22, 2015.

A handwritten signature in black ink, appearing to read "John A. Anderson", written over a horizontal line.

John A. Anderson
Director, Office of Oil and Gas Global Security and Supply
Office of Oil and Natural Gas