

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

BEAR HEAD LNG CORPORATION and
BEAR HEAD LNG (USA), LLC

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FE DOCKET NO. 15-33-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. 3681

JULY 17, 2015

I. DESCRIPTION OF REQUEST

On February 25, 2015, Bear Head LNG Corporation and Bear Head LNG (USA), LLC (collectively, Bear Head LNG) 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 440 billion cubic feet per year (Bcf/yr) of natural gas (1.2 Bcf per day (Bcf/d)). Bear Head LNG states that the natural gas will be exported to Canada at the United States-Canada border near Calais, Maine, and St. Stephen, New Brunswick, respectively, on the Maritimes & Northeast (M&N) Pipeline.³ Bear Head LNG seeks to export this volume of natural gas for the following purposes:

- (i) To use approximately 42.4 Bcf/yr as feedstock in a proposed Canadian natural gas liquefaction facility currently being developed by Bear Head LNG within the Point Tupper/Bear Head Industrial Park near the town of Port Hawksbury, on the Strait of Canso, in Richmond County, Cape Breton, Nova Scotia, Canada (Bear Head Project or Project);⁴
- (ii) To use approximately 397.6 Bcf/yr of natural gas (1.1 Bcf/d) as feedstock in the Bear Head Project, where the U.S.-sourced natural gas will be liquefied, then re-exported⁵ as LNG by vessel from Nova Scotia, Canada, to:

¹ Bear Head LNG Corporation & Bear Head LNG (USA), LLC, Application for Long-Term Authorizations to Export Natural Gas to Canada and to Export Liquefied Natural Gas from Canada to Free Trade Agreement Nations and Non-Free Trade Agreement Nations, FE Docket No. 15-33-LNG (Feb. 25, 2015) [hereinafter Bear Head LNG App.].

² 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 Redefinition Order No. 00-006.02 issued on November 17, 2014.

³ Bear Head LNG states that the M&N Pipeline is operated by Maritimes & Northeast Pipeline, L.L.C. in the United States and by its Canadian pipeline affiliate, Maritimes & Northeast Pipeline Limited Partnership, in Canada.

⁴ See Bear Head LNG App. at 1 (“[A]pproximately 42.4 Bcf/y of the natural gas volume ... will be consumed in Canada and not exported as LNG.”).

⁵ 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.

- (a) Any country with which the United States has, or in the future enters into, a free trade agreement (FTA) requiring national treatment for trade in natural gas (FTA countries),⁶ and
- (b) Any other country with which trade is not prohibited by U.S. law or policy (non-FTA countries).⁷

Bear Head LNG requests this export authorization for a 25-year term to commence on the earlier of the date of first export or 10 years from the date the authorization is granted (July 16, 2025).

Bear Head LNG seeks 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.⁸

Pursuant to NGA section 3(c), 15 U.S.C. § 717b(c), this Order grants the Application in part. Bear Hear LNG is authorized to export natural gas to Canada by pipeline for purposes of end use⁹ 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 440 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 countries remains pending in the current docket and will be reviewed separately under NGA section 3(a), 15 U.S.C.

⁶ 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.

⁷ See Bear Head LNG App. at 2.

⁸ Additionally, on January 23, 2015, Bear Head LNG filed a separate application with DOE/FE requesting authorization to access certain Canadian natural gas supplies, in a volume up to 250 Bcf/yr, which it states must flow through the United States due to the configuration of existing North American pipeline infrastructure. Bear Head LNG refers to this requested authorization as the “Canadian NG authorization.” Bear Head LNG App. at 2-3 n.7. That application is pending before DOE/FE in FE Docket No. 15-14-NG. See Bear Head LNG Corporation & Bear Head LNG (USA), LLC; Application for Long-Term, Multi-Contract Authorizations to Import Natural Gas From, for Subsequent Export to, Canada for a 25-Year Term, 80 Fed. Reg. 20,484 (Apr. 16, 2015) (Notice of Application).

⁹ For purposes of this Order, “end use” is defined as combustion or other chemical reaction conversion process (*e.g.*, conversion to methanol).

§ 717b(a).¹⁰ Section 3 of the NGA differentiates between exports of natural gas to non-FTA 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

Applicants. Bear Head LNG states that Bear Head LNG Corporation is a Canadian company incorporated pursuant to the laws of Nova Scotia, and Bear Head LNG (USA), LLC is a Delaware limited liability company organized. Both have their principal place of business in Houston, Texas.

Additionally, both Bear Head LNG Corporation and Bear Head LNG (USA), LLC are wholly-owned indirect subsidiaries of Liquefied Natural Gas Limited (LNGL), a publicly listed Australian company based in Perth, Australia. LNGL's objective is to develop LNG projects in both Australia and international markets, focusing on mid-scale LNG projects that use its Optimised Single Mixed Refrigerant (OSMR[®]) process.¹¹ In addition to the Bear Head Project, LNGL's portfolio includes 100 percent ownership of both the proposed Magnolia LNG Project to be located near the Port of Lake Charles in Louisiana, and the Fisherman's Landing LNG Project to be located near the Port of Gladstone in Queensland, Australia.

¹⁰ See Bear Head LNG Corporation & Bear Head LNG (USA), LLC, Application for Long-Term, Multi-Contract Authorization to Export Domestically Produced Natural Gas Through Canada to Non-Free Trade Agreement Countries After Liquefaction for a 25-Year Term, 80 Fed. Reg. 20,482 (Apr. 16, 2015) (Notice of Application).

¹¹ See Bear Head LNG App. at 6.

Procedural History. As noted above, Bear Head LNG filed its Application on February 25, 2015. Bear Head LNG supplemented its Application with two project update letters on April 7 and May 29, 2015, respectively. In the first letter, Bear Head LNG informed DOE/FE (in relevant part) that, in March 2015, the Nova Scotia Utility and Review Board issued Bear Head LNG Corporation an updated and amended “Permit to Construct.” According to Bear Head LNG, the Permit to Construct is the ninth, and next to last, initial regulatory approval necessary to commence construction of the Bear Head Project.¹²

In the second letter, Bear Head LNG informed DOE/FE that, in May 2015, Nova Scotia Environment approved an updated provincial Environmental Assessment for the development of the Bear Head Project.¹³ Bear Head LNG states that this approval marks the tenth and final initial regulatory approval necessary to commence construction of the Project.

Liquefaction Project. In the portion of the Application subject to this Order, Bear Head LNG requests authorization to engage in exports of up to 440 Bcf/yr of natural gas from the United States. Specifically, Bear Head LNG states that it expects to use in Canada a portion of the exported U.S.-sourced natural gas (42.4 Bcf/yr), and to use the remaining volume (397.6 Bcf/yr) as feedstock in the production of LNG for sale and export from Canada to other countries. Bear Head LNG states that the Project, once constructed, will be capable of receiving, processing, and liquefying North American natural gas, storing LNG, and loading LNG onto ocean-going vessels for delivery to foreign markets.

According to Bear Head LNG, the proposed exports of U.S.-sourced natural gas would be made from a point located near Calais, Maine, and St. Stephen, New Brunswick, Canada, on the

¹² Bear Head LNG Corporation & Bear Head LNG (USA), LLC, Project Update Letter, FE Docket No. 15-33-LNG, at 1 (Apr. 7, 2015).

¹³ Bear Head LNG Corporation & Bear Head LNG (USA), LLC, Project Update Letter, FE Docket No. 15-33-LNG, at 1 (May 29, 2015).

M&N Pipeline. Bear Head LNG anticipates that the M&N Pipeline system will interconnect with the Project's proposed pipeline header near Goldsboro, Nova Scotia, for the delivery of natural gas feedstock to the Bear Head Project.¹⁴

Bear Head LNG states that the Project will be located at the 255-acre site owned by Bear Head Corporation located within the Point Tupper/Bear Head Industrial Park, near the town of Port Hawksbury, on the Strait of Canso in Richmond County, Cape Breton, Nova Scotia. According to Bear Head LNG, the Project is situated on Bear Head Corporation's previously-permitted LNG import brownfield site, and thus requires minor modification of certain existing initial permits and regulatory approvals issued by Canadian Federal, Nova Scotia Provincial, and Richmond County administrative bodies.¹⁵ Bear Head LNG states that its proposed Project and LNG exports will not involve the construction of any facilities in the United States, but may require modification and expansion of the M&N Pipeline system.

Bear Head LNG states that the Project will include the following major components: four LNG liquefaction trains with OSMR[®] technology, LNG ship berthing marine facilities, and two LNG storage tanks, each with a volume of approximately 180,000 cubic meters. Each of the four liquefaction trains will have a nominal production capacity of two million metric tons per annum (mtpa), for a total LNG production capacity of eight mtpa of natural gas (which Bear Head LNG states is equivalent to approximately 397.6 Bcf/yr, or 1.1 Bcf/d, of natural gas).¹⁶ Bear Head LNG states that it expects the first LNG from the Project to be exported to foreign markets in 2019.

¹⁴ See Bear Head LNG App. at 5.

¹⁵ In the Application, Bear Head LNG states that it holds eight of the 10 initial Canadian project approvals. As discussed above, however, Bear Head LNG subsequently informed DOE/FE that it has since received the two remaining Canadian project approvals. See *supra* at 5.

¹⁶ See Bear Head LNG App. at 11.

Source of Natural Gas. Bear Head LNG states that natural gas can be sourced from basins throughout North America, including the Appalachian, Gulf of Mexico, and Rocky Mountain regions of the United States, thus providing the Bear Head Project with “tremendous supply diversity and optionality.”¹⁷ Citing its interconnection with the M&N Pipeline, Bear Head LNG further states that the Project will have access to competitively-priced natural gas supplies from “almost any point” on the North American natural gas pipeline grid through direct physical delivery or by displacement.¹⁸

Business Model. Bear Head LNG requests authorization to export natural gas on its own behalf and as agent for other entities who hold title to the LNG at the time of export. Bear Head LNG 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.¹⁹

Bear Head LNG anticipates that it will utilize a tolling commercial structure for the Bear Head Project. According to Bear Head LNG, customers of the Project will be responsible under the relevant liquefaction tolling agreements to procure natural gas supply, as well as natural gas pipeline transportation capacity for the delivery of natural gas to the Project.

Bear Head LNG states that it has not yet entered into long-term natural gas supply or long-term export contracts in connection with the requested authorization, but will submit to DOE/FE any such contracts, once executed, in accordance with DOE/FE’s filing requirements.

Environmental Review. Bear Head LNG asserts that, because the proposed Bear Head Project does not involve the construction of any facilities in the United States, the Project will not give rise to cognizable environmental effects under the National Environmental Policy Act (NEPA), 42 U.S.C. § 4321, *et seq.* Bear Head LNG further states that modification or expansion

¹⁷ *Id.* at 14-15.

¹⁸ *Id.* at 15.

¹⁹ *See id.* at 11.

of the M&N Pipeline system “likely is required to enable the delivery of the full amount of the requested feedgas volumes to the Project,” but it contends that the precise nature of these changes are unknown.²⁰ Accordingly, Bear Head LNG states that the proposed action should be categorically excluded from the preparation of an environmental assessment or an environmental impact statement under NEPA.

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.²¹

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

²⁰ *See id.* at 43.

²¹ 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 a 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, Bear Head LNG 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. 2913,²² 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*,²³ 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*.²⁴ 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 titleholder (Registrant) to include the same company identification information and long-term

²² *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).

²³ *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.

²⁴ *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.²⁵

To ensure that the public interest is served, the authorization granted herein shall be conditioned to require that where Bear Head LNG proposes to act as an agent for other entities who hold title to the natural gas or LNG (Registrants), Bear Head LNG 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."²⁶ 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 Bear Head LNG file or cause to be filed with DOE/FE any relevant long-term commercial agreements (contracts) pursuant to which Bear Head LNG 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 Bear Head Project.

²⁵ See *id.* at 7-8.

²⁶ 10 C.F.R. § 590.202(b).

(7) DOE/FE also will require Bear Head LNG to file any long-term contracts Bear Head LNG enters into providing for the long-term export of LNG on its own behalf from the Bear Head 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 regulations²⁷ requires that Bear Head LNG file, or cause to be filed, all long-term contracts associated with the long-term supply of U.S.-sourced natural gas to the Bear Head Project within 30 days of their execution that either Bear Head LNG or the Registrant enters into.

(9) DOE/FE recognizes that some information in Bear Head LNG’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 proposed Bear Head Project, may be commercially sensitive. DOE/FE therefore will provide Bear Head LNG the option to file or cause to be filed either unredacted contracts, or in the alternative: (A) Bear Head LNG may file, or cause to be filed, long-term contracts under seal or subject to a claim of confidentiality or privilege. If Bear Head LNG files the contracts under seal or subject to a claim of confidentiality or privilege, within 30 days of the contract execution date, Bear Head LNG shall also file, or cause others to file, for public posting, 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) a

²⁷ *Id.* § 590.202(c).

statement demonstrating why the redacted or non-disclosed 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 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. Bear Head LNG Corporation and Bear Head LNG (USA), LLC (collectively, Bear Head LNG) are jointly 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 Bear Head Project, to be located near the town of Port Hawksbury, on the Strait of Canso, in Richmond County, Cape Breton, 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 440 Bcf/yr of natural gas for a 25-year term, beginning on the earlier of the date of first export or 10 years from the date the authorization is issued (July 16, 2025). Bear Head LNG 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. Bear Head LNG 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) Bear Head LNG 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 proposed Bear Head Project. The non-redacted copies may be filed under seal and must be filed within 30 days of their execution. Additionally, if Bear Head LNG 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, Bear Head LNG 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, Bear Head LNG shall state why the redacted or non-disclosed information should be exempted from public disclosure.

(ii) Bear Head LNG 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 Bear Head Project. The non-redacted copies may be filed under seal and must be filed within 30 days of their execution. Additionally, if Bear Head LNG 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, Bear Head LNG 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, Bear Head LNG shall state why the redacted or non-disclosed information should be exempted from public disclosure.

E. Bear Head LNG shall include, and require others for whom Bear Head LNG 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. 3681, issued July 17, 2015, in FE Docket No. 15-33-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 both Bear Head LNG Corporation and Bear Head LNG (USA), LLC 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 Bear Head LNG Corporation and Bear Head LNG (USA), LLC are made aware of all such actual destination countries.

F. Bear Head LNG 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 Bear Head LNG with all information necessary to permit Bear Head LNG 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, Bear Head LNG shall ensure that all persons required by this Order to register with DOE/FE have done so. Any failure by Bear Head LNG 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, Bear Head LNG shall provide written notification of the date of first export to DOE/FE.

J. Bear Head LNG 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 Bear Head 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 Bear Head 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, Bear Head LNG must comply with DOE/FE's Procedures for Change in Control Affecting Applications and

Authorizations to Import or Export Natural Gas.²⁸ 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 Bear Head LNG, 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.²⁹

L. Monthly Reports: With respect to the exports authorized by this Order, Bear Head LNG 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. 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, Bear Head LNG 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

²⁸ 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. 65,541 (Nov. 5, 2014).

²⁹ See *id.* at 65,542.

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 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) into which the LNG or natural gas is received for end use; (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 July 17, 2015.



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