

U.S. Department of Energy
Categorical Exclusion Determination
Office of Fossil Energy



BEAR HEAD LNG CORPORATION and BEAR HEAD LNG (USA), LLC
FE DOCKET NO. 15-33-LNG

PROPOSED ACTION DESCRIPTION: Bear Head LNG Corporation and Bear Head LNG (USA), LLC (collectively, Bear Head LNG), filed an application (Application) with the Office of Fossil Energy (FE) on February 25, 2015. The Application requests long-term, multi-contract authorization to export natural gas by pipeline¹ from the United States to Canada and, after liquefaction in Canada, to re-export² the U.S.-sourced natural gas in the form of liquefied natural gas (LNG) to other countries as described below, in a combined total volume equivalent to 440 billion cubic feet per year (Bcf/yr) of natural gas, or 1.2 Bcf per day (Bcf/d). Bear Head LNG Corporation is a Canadian company incorporated pursuant to the laws of Nova Scotia. Bear Head LNG (USA), LLC is a Delaware limited liability company. Both have their principal place of business in Houston, Texas, and both are wholly-owned indirect subsidiaries of Liquefied Natural Gas Limited, a publicly listed Australian company based in Perth, Australia. The Bear Head LNG export terminal (Bear Head Project or the Project) is currently being developed by Bear Head LNG within the Point Tupper/Bear Head Industrial Park near the town of Port Hawkesbury, on the Strait of Canso, in Richmond County, Cape Breton, Nova Scotia, Canada. The Application requests authority to export the LNG from the Project to any country (i) with which the United States does not have a free trade agreement (FTA) requiring national treatment for trade in natural gas (non-FTA countries), and (ii) with which trade is not prohibited by U.S. law or policy.

The Application was submitted pursuant to section 3 of the Natural Gas Act (NGA) and 10 CFR Part 590 of the Department of Energy's (DOE) regulations. That portion of the Application seeking to re-export U.S.-sourced natural gas as LNG to non-FTA countries will be reviewed under NGA section 3(a). In reviewing the Application, DOE/FE must consider its obligations under the National Environmental Policy Act (NEPA) and its separate obligation under NGA section 3(a) to ensure that the proposal is not inconsistent with the public interest. DOE's proposed action is to issue an order to authorize this export up to a volume limited to the currently authorized cross-border capacity of the M&N pipeline, 0.81 Bcf/d, and to further limit U.S.-sourced natural gas exports to the capacity of the U.S. portion of the M&N Pipeline (from Dracut, Massachusetts to the Canadian border) in service as of the date of the authorization, which may be a lower volume than the cross-border capacity, if DOE determines that such export is not inconsistent with the public interest.

The Department's regulations at 10 CFR Part 1021, Subpart D, Appendix B5, provide a list of categorical exclusions for classes of actions that do not require preparation, by DOE, of either an environmental impact statement or an environmental assessment under NEPA. Specifically, B5.7 provides a categorical exclusion where approvals or disapprovals of authorizations to import or export natural gas under NGA section 3 involve minor operational changes but not new construction. We find that the proposed authorization falls within the scope of the B5.7 categorical exclusion for two reasons. First, Bear Head US will construct the natural gas liquefaction facility at issue in this case—the proposed Bear Head Project—in Canada. This construction outside

¹ The point-of-exit for the export of the natural gas is at the U.S.-Canada border at/or near Calias, Amine/St. Stephen, New Brunswick at the juncture of the Maritimes & Northeast (M&N) US Pipeline (M&N US Pipeline) and the M&N Canada Pipeline.

² For purposes of this Categorical Exclusion Determination, "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.

of the United States is beyond the scope of our environmental review under NEPA. Second, the proposed authorization only authorizes exports using existing pipeline capacity and therefore will not lead to any future construction or operational changes to expand the capacity of the M&N US Pipeline or other facilities located within the United States. Accordingly, DOE/FE will apply a categorical exclusion under NEPA for the Application.

CATEGORICAL EXCLUSION APPLIED: B5.7 - Import or export natural gas, with operational changes

For the complete DOE National Environmental Policy Act regulations regarding categorical exclusions, including the full text of each categorical exclusion, see Subpart D of 10 CFR Part 1021.

Regulatory Requirements in 10 CFR 1021.410(b): (See full text in regulation)

] The proposal fits within a class of actions that is listed in Appendix A or B to 10 CFR Part 1021, Subpart D.

To fit within the classes of actions listed in 10 CFR Part 1021, Subpart D, Appendix B, a proposal must be one that would not: (1) threaten a violation of applicable statutory, regulatory, or permit requirements for environment, safety, and health, or similar requirements of DOE or Executive Orders; (2) require siting and construction or major expansion of waste storage, disposal, recovery, or treatment facilities (including incinerators), but the proposal may include categorically excluded waste storage, disposal, recovery, or treatment actions or facilities; (3) disturb hazardous substances, pollutants, contaminants, or CERCLA-excluded petroleum and natural gas products that preexist in the environment such that there would be uncontrolled or unpermitted releases; (4) have the potential to cause significant impacts on environmentally sensitive resources, including, but not limited to, those listed in paragraph B(4) of 10 CFR Part 1021, Subpart D, Appendix B; (5) involve genetically engineered organisms, synthetic biology, governmentally designated noxious weeds, or invasive species, unless the proposed activity would be contained or confined in a manner designed and operated to prevent unauthorized release into the environment and conducted in accordance with applicable requirements, such as those listed in paragraph B(5) of 10 CFR Part 1021, Subpart D, Appendix B.

] There are no extraordinary circumstances related to the proposal that may affect the significance of the environmental effects of the proposal.

] The proposal has not been segmented to meet the definition of a categorical exclusion. This proposal is not connected to other actions with potentially significant impacts (40 CFR 1508.25(a)(1)), is not related to other actions with individually insignificant but cumulatively significant impacts (40 CFR 1508.27(b)(7)), and is not precluded by 40 CFR 1506.1 or 10 CFR 1021.211 concerning limitations on actions during preparation of an environmental impact statement.

Based on my review of the proposed action, as NEPA Compliance Officer (as authorized under DOE Order 451.1B), I have determined that the proposed action fits within the specified class(es) of action, the other regulatory requirements set forth above are met, and the proposed action is hereby categorically excluded from further NEPA review.

Signature: Mark J. Matarrese Date Determined: 1/28/16

Mark J. Matarrese, NEPA Compliance Officer, Office of Fossil Energy