

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

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MERCURIA COMMODITIES CANADA )  
CORPORATION )  
\_\_\_\_\_ )

FE DOCKET NO. 15-162-NG

ORDER GRANTING LONG-TERM AUTHORIZATION  
TO EXPORT NATURAL GAS TO CANADA

DOE/FE ORDER NO. 3779

JANUARY 28, 2016

## I. BACKGROUND AND DESCRIPTION OF REQUEST

On October 27, 2015, Mercuria Commodities Canada Corporation (MCCC) filed an application (Application)<sup>1</sup> with the Office of Fossil Energy (FE) of the Department of Energy (DOE) under section 3 of the Natural Gas Act (NGA)<sup>2</sup> for long-term authorization to export up to 320,000 thousand cubic feet (Mcf) per day of natural gas (which MCCC states is equivalent to 320,000 million (MM) Btu per day), plus applicable fuel, to Canada beginning on the date this Order is issued, and extending through October 31, 2022. Additionally, MCCC requests authorization to export up to 120,000 Mcf per day of natural gas (which it states is equivalent to 120,000 MMBtu), plus applicable fuel, for the period beginning on November 1, 2022, and extending to October 31, 2023.<sup>3</sup> MCCC, a wholly-owned subsidiary of Mercuria Energy Group Ltd., is a Canadian corporation with its principal place of business in Calgary, Alberta, Canada.

MCCC proposes to export the requested volumes of natural gas pursuant to an existing natural gas purchase contract with Statoil Natural Gas LLC (Statoil) dated January 13, 2011 (Statoil Contract). MCCC states that the Statoil Contract commenced on November 1, 2012, and will continue through October 31, 2023. MCCC explains that, originally, the Statoil Contract was entered into between Statoil and its predecessor entity—J.P. Morgan Commodities Canada Corporation (JPMCCC). In October 2012, consistent with the terms of the then-existing Statoil Contract, JPMCCC requested long-term authorization from DOE/FE in FE Docket No. 12-151-NG to export natural gas from the United States to Canada at Niagara Falls, New York, at the

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<sup>1</sup> Mercuria Commodities Canada Corp., Application for Long-Term Authorization to Export Natural Gas to Canada, FE Docket No. 15-162-NG (Oct. 27, 2015) [hereinafter App.].

<sup>2</sup> 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.

<sup>3</sup> DOE/FE notes that 320,000 Mcf and 120,000 Mcf of natural gas per day equal approximately 117 Bcf per year (Bcf/yr) and 44 Bcf/yr of natural gas, respectively, on a calendar year basis.

interconnection between National Fuels Gas Supply Corporation and TransCanada Pipelines Limited. On February 27, 2013, DOE/FE granted JPMCCC's request for authorization in DOE/FE Order No. 3246.<sup>4</sup>

Subsequently, on October 1, 2014, a transaction was consummated between MCCC and JPMCCC (Transaction). MCCC states that all of the equity and ownership interests in JPMCCC were transferred to Mercuria Energy Group Holding SA, and JPMCCC was amalgamated with Mercuria Energy Canada Inc. to form MCCC, effective October 3, 2014 (Amalgamation). As part of this Transaction, MCCC states that it acquired the Statoil Contract from JPMCCC. Consequently, on March 2, 2015, MCCC submitted a request for DOE/FE to vacate JPMCCC's authorization in DOE/FE Order No. 3246. On April 30, 2015, in DOE/FE Order No. 3246-A, DOE/FE granted that request and vacated the authorization to JPMCCC.<sup>5</sup> Accordingly, MCCC now requests a long-term export authorization consistent with the terms of the Statoil Contract, which MCCC states effectively would be "the same long-term authorization that DOE previously granted to JPMCCC" in DOE/FE Order No. 3246.<sup>6</sup>

MCCC has filed with DOE/FE, under seal, an executed long-term contract associated with the export of natural gas under this requested authorization, and has provided a redacted version for public inspection. Additionally, MCCC states that all export activity undertaken pursuant to the Statoil Contract since the Amalgamation has been reported to DOE/FE by one of MCCC's affiliates, Mercuria Energy Gas Trading, LLC (MEGT), pursuant to a blanket authorization issued to MEGT in DOE/FE Order No. 3476 (FE Docket No. 14-103-NG). MCCC

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<sup>4</sup> *J.P. Morgan Commodities Canada Corp.*, DOE/FE Order No. 3246, FE Docket No. 12-151-NG, Order Granting Long-Term Authorization to Export Natural Gas to Canada (Feb. 27, 2013). We note that this authorization was effective for a term that began on November 1, 2012, and extends through October 31, 2023—*i.e.*, the length of the Statoil Contract.

<sup>5</sup> *J.P. Morgan Commodities Canada Corp.*, DOE/FE Order No. 3246-A, FE Docket No. 12-151-NG, Order Vacating Authorization to Export Natural Gas to Canada (Apr. 30, 2015).

<sup>6</sup> App. at 2.

states that, upon receiving this requested long-term authorization, MCCC will commence reporting all export activity undertaken in connection with the Statoil Contract.

## II. FINDING

The Application has been evaluated to determine if the proposed import and/or export arrangement meets the public interest requirement of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), the import and export of natural gas, including liquefied natural gas (LNG), from and to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas and the import of LNG from other international sources are deemed to be consistent with the public interest, and applications for such imports or exports must be granted without modification or delay. The authorization sought by MCCC to export natural gas from and to Canada, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest.

## ORDER

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

A. MCCC is authorized to export natural gas to Canada pursuant to the existing natural gas purchase contract with Statoil as follows: (i) up to 320,000 Mcf per day of natural gas, plus applicable fuel, to Canada beginning on January 28, 2016, and extending through October 31, 2022, and (ii) up to 120,000 Mcf per day of natural gas, plus applicable fuel, beginning on November 1, 2022, and extending through October 31, 2023. This authorization shall be effective for a term beginning on January 28, 2016, and extending through October 31, 2023.

B. This natural gas will be delivered by Statoil to the U.S./Canadian border at Niagara Falls, New York.

C. **Monthly Reports:** With respect to the natural gas exports authorized by this Order, MCCC shall file with the Office of Regulation and International Engagement, within 30 days following the last day of each calendar month, a report indicating whether exports of natural gas have been made. Monthly reports must be filed whether or not initial deliveries have begun. If no exports have been made, 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).

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

D. The first monthly report required by this Order is due not later than March 31, 2016, and should cover the reporting period from January 28, 2016, through February 29, 2016.

E. All monthly report filings shall be made to U.S. Department of Energy (FE-34), Office of Fossil Energy, Office of Regulation and International Engagement, P.O. Box 44375, Washington, D.C. 20026-4375, Attention: Natural Gas Reports. Alternatively, reports may be e-mailed to [ngreports@hq.doe.gov](mailto:ngreports@hq.doe.gov), or may be faxed to Natural Gas Reports at (202) 586-6050.

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