

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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TRAILSTONE ENERGY MARKETING, LLC

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) DOCKET NO. 19-64-NG

) DOCKET NO. 19-52-NG

) DOCKET NO. 17-50-NG  
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ORDER GRANTING BLANKET AUTHORIZATION TO  
IMPORT AND EXPORT NATURAL GAS FROM AND TO CANADA AND MEXICO,  
TO IMPORT LIQUEFIED NATURAL GAS FROM CANADA AND MEXICO BY TRUCK,  
TO EXPORT LIQUEFIED NATURAL GAS TO CANADA AND MEXICO BY VESSEL, TO  
IMPORT LIQUEFIED NATURAL GAS FROM VARIOUS INTERNATIONAL SOURCES  
BY VESSEL, AND VACATING PRIOR AUTHORIZATION

DOE/FE ORDER NOS. 4406

4384-A

4053-A

JULY 3, 2019

## I. DESCRIPTION OF REQUEST

On May 30, 2019, TrailStone Energy Marketing, LLC (TrailStone Energy Marketing) filed an application with the Office of Fossil Energy (FE) of the Department of Energy (DOE) under section 3 of the Natural Gas Act (NGA)<sup>1</sup> for blanket authorization to import and export natural gas from and to Canada and Mexico via pipeline, to import liquefied natural gas (LNG) from Canada and Mexico by truck, to export LNG to Canada and Mexico by vessel, and to import LNG from various international sources by vessel, up to a combined total volume equivalent to 3,100 billion cubic feet (Bcf) of natural gas. The applicant requests the authorization be granted for a two-year term which began on June 1, 2019. TrailStone Energy Marketing is a Delaware limited liability company with its principal place of business in Austin, Texas.

Previously, on June 26, 2017, DOE/FE granted TrailStone NA Logistics, LLC (TrailStone NA Logistics) authorization in DOE/FE Order 4053 to import and export natural gas from and to Canada and Mexico via pipeline, to import liquefied natural gas (LNG) from Canada and Mexico by truck, to export LNG to Canada and Mexico by vessel, and to import LNG from various international sources by vessel, up to a combined total volume equivalent to 3,100 Bcf of natural gas. The authorization was granted for a two-year term beginning July 1, 2017, and extending through June 30, 2019.<sup>2</sup>

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<sup>1</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 Redelelegation Order No. 00-006.02 issued on November 17, 2014.

<sup>2</sup> TrailStone NA Logistics' blanket authorization to import and export natural gas from and to Canada and Mexico, to import liquefied natural gas from Canada and Mexico by truck, to export LNG to Canada and Mexico by vessel, and to import LNG from various international sources by vessel, and vacating prior authority (Order 3870), granted in DOE/FE Order No. 4053 on June 26, 2017, extends through June 30, 2019.

On May 14, 2019, DOE/FE granted TrailStone NA Logistics authorization in DOE/FE Order 4384 to import and export natural gas from and to Canada and Mexico via pipeline, to import liquefied natural gas (LNG) from Canada and Mexico by truck, to export LNG to Canada and Mexico by vessel, and to import LNG from various international sources by vessel, up to a combined total volume equivalent to 3,100 Bcf of natural gas. The authorization was granted for a two-year term beginning July 1, 2019, and extending through June 30, 2021.<sup>3</sup>

On May 24, 2019, TrailStone Energy Marketing notified DOE/FE of its pending corporate name change from TrailStone NA Logistics, LLC effective June 1, 2019.<sup>4</sup> Additionally, on May 30, 2019, TrailStone Energy Marketing requested that DOE/FE vacate TrailStone NA Logistics' authorization in DOE/FE Order No. 4384, effective June 1, 2019.<sup>5</sup>

## II. FINDING

The application has been evaluated to determine if the proposed import and 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 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 TrailStone Energy Marketing to import and export natural gas from and to Canada and Mexico, to import LNG from Canada and Mexico by truck, to export LNG to

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<sup>3</sup> TrailStone NA Logistics' blanket authorization to import and export natural gas from and to Canada and Mexico, to import liquefied natural gas from Canada and Mexico by truck, to export LNG to Canada and Mexico by vessel, and to import LNG from various international sources by vessel, granted in DOE/FE Order No. 4384 on May 14, 2019, extends through June 30, 2021.

<sup>4</sup> See Application, and email from Sarah Tucker, Associate, Sidley Austin LLP on behalf of TrailStone Energy Marketing (May 30, 2019).

<sup>5</sup> *Id.*

Canada and Mexico by vessel—nations with which a free trade agreement requiring national treatment for trade in natural gas is in effect—and to import LNG from various international sources by vessel, meets the section 3(c) criteria and, therefore, is consistent with the public interest. This Order authorizes transactions with terms of no longer than two years.

### ORDER

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

A. TrailStone Energy Marketing is authorized to import and export natural gas from and to Canada and Mexico, to import LNG from Canada and Mexico by truck, to export LNG to Canada and Mexico by vessel, and to import LNG from various international sources by vessel up to a combined total volume equivalent to 3,100 Bcf of natural gas, pursuant to transactions that have terms of no longer than two years. This authorization shall be effective for a two-year term which began on June 1, 2019, and extends through May 31, 2021.

B. This natural gas may be imported and exported by pipeline at any point on the border between the United States and Canada, and at any point on the border between the United States and Mexico.

C. This LNG may be imported by truck to any LNG receiving facility in the United States and its territories.

D. This LNG may be exported by vessel from any LNG export terminal in the United States and its territories to any receiving facility in Canada or Mexico.

E. This LNG may be imported by vessel to any LNG receiving facility in the United States and its territories.

F. LNG imports that require increased security measures from the United States Coast Guard (USCG) and/or other branches of the Department of Homeland Security in place now or added in the future shall comply with those measures on a shipment by shipment basis to the

satisfaction of the USCG. Such measures may include periodic boarding or examination of the vessel by the USCG at the load port, while the vessel is underway, at any time during the voyage, and before and during discharge of the cargo while at the discharge port, as well as other enhanced security measures.

**G. Monthly Reports:** With respect to the natural gas imports and exports, and the imports and exports of LNG authorized by this Order, TrailStone Energy Marketing shall file with the Office of Regulation, Analysis, and Engagement, within 30 days following the last day of each calendar month, a report indicating whether imports and/or exports of natural gas or LNG have been made. Monthly reports shall be filed whether or not initial deliveries have begun. If imports and/or exports have not occurred, a report of “no activity” for that month must be filed. If imports or exports of natural gas have occurred, the report must give the following details: (1) for imports, the country of origin; (2) for exports, the country of destination; (3) the point(s) of entry and exit; (4) the volume in thousand cubic feet (Mcf); (5) the average purchase price of gas per million British thermal units (MMBtu) at the international border; (6) the name of the supplier(s); (7) the name of the U.S. transporter(s); (8) the estimated or actual duration of the supply agreement(s); and (9) for imports, the geographic market(s) served (list State(s), U.S. Census Region(s), or general U.S. geographic area(s)).

If imports of LNG by truck have occurred, the report must give the following details of each LNG cargo: (1) the name of the U.S. receiving facility; (2) the country of origin; (3) the point(s) of entry; (4) the name(s) of the supplier(s)/seller(s); (5) the name(s) of the LNG transporter(s); (6) the volume in Mcf; (7) the price per MMBtu at the point of entry; (8) the duration of the supply agreement; and (9) the geographic market served (list State(s), U.S. Census Region(s), or general U.S. geographic area(s)).

If imports of LNG by vessel have occurred, the report must give the following details of each LNG cargo: (1) the name of the U.S. receiving terminal; (2) the name of the LNG tanker; (3) the date of arrival at the U.S. receiving terminal; (4) the country of origin; (5) the name of the supplier/seller; (6) the volume in Mcf; (7) the landed price per MMBtu at the point of import; (8) the duration of the supply agreement (indicate spot purchases); (9) the name(s) of the purchaser(s); and (10) the geographic market served (list State(s), U.S. Census Region(s), or general U.S. geographic area(s)).

If exports of LNG by vessel have occurred, the report must give the following details of each LNG cargo: (1) the name of the U.S. export terminal; (2) the country of destination; (3) the date of departure from the U.S. export terminal; (4) the name of the LNG tanker; (5) the name of the supplier/seller; (6) the volume in Mcf; (7) the price per MMBtu at the point of exit; (8) the duration of the supply agreement (indicate spot sales); and (9) the name(s) of the purchaser(s).

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

H. The first monthly report required by this Order is due not later than July 30, 2019, and should cover the reporting period from June 1, 2019, through June 30, 2019.

I. All monthly report filings on Form FE-746R shall be made to the U.S. Department of Energy (FE-34), Office of Fossil Energy, Office of Regulation, Analysis, and Engagement, according to the methods of submission listed on the Form FE-746R reporting instructions available at <https://www.energy.gov/fe/services/natural-gas-regulation>.

J. TrailStone NA Logistics' authorization to import and export natural gas from and to Canada and Mexico via pipeline, to import liquefied natural gas (LNG) from Canada and Mexico by truck, to export LNG to Canada and Mexico by vessel, and to import LNG from various

international sources by vessel, granted in DOE/FE Order No. 4053 on June 26, 2017, is hereby vacated, effective June 1, 2019.

K. TrailStone NA Logistics' authorization to import and export natural gas from and to Canada and Mexico via pipeline, to import liquefied natural gas (LNG) from Canada and Mexico by truck, to export LNG to Canada and Mexico by vessel, and to import LNG from various international sources by vessel, granted in DOE/FE Order No. 4384 on May 14, 2019, is hereby vacated, effective June 1, 2019.

Issued in Washington, D.C., on July 3, 2019.

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Amy R. Sweeney  
Director, Office of Regulation, Analysis, and Engagement  
Office of Oil and Natural Gas