

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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IRVING OIL COMMERCIAL GP AND  
IRVING OIL TERMINALS OPERATIONS INC.

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) FE DOCKET NO. 15-165-NG  
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ORDER GRANTING LONG-TERM AUTHORIZATION  
TO IMPORT AND EXPORT NATURAL GAS  
FROM AND TO CANADA

DOE/FE ORDER NO. 3765

DECEMBER 31, 2015

## I. DESCRIPTION OF REQUEST

On October 20, 2015, Irving Oil Commercial GP and Irving Oil Terminals Operations Inc. (collectively, Irving) jointly filed an application with the Office of Fossil Energy of the Department of Energy under section 3 of the Natural Gas Act (NGA)<sup>1</sup> for long-term authorization to import up to 10 billion cubic feet (Bcf) of natural gas per year from Canada and to export up to 22 Bcf per year of natural gas to Canada.<sup>2</sup> Irving seeks to import and export this natural gas for a 15-year term beginning on November 1, 2017.<sup>3</sup>

**Applicants.** Irving states that the two Irving co-applicants in this proceeding are sister entities, and that Irving Oil Limited—a Canadian entity with significant energy operations—is the ultimate parent company. Irving states that Irving Oil Commercial GP, a Canadian entity, is a wholly-owned subsidiary of Irving Oil Limited and acts as its principal operating arm. Both Irving Oil Commercial GP and Irving Oil Limited have their principal place of business in Saint John, New Brunswick, Canada.

The U.S. entity, Irving Oil Terminals Operations Inc., is a Delaware corporation with its principal place of business in Portsmouth, New Hampshire. Irving Oil Terminals Operations Inc. markets refined petroleum products and natural gas in the United States. Irving states that, in this proceeding, Irving Oil Terminals Operations Inc. is acting its own capacity and as an agent for Irving Oil Commercial GP.

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<sup>1</sup> The authority to regulate the imports and exports of 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> See Irving's letter to John Anderson and Ben Nussdorf dated December 31, 2015.

<sup>3</sup> Irving states that, even though it does not plan to ship the natural gas until November 2017, the provisions in its supply and pipeline agreements require that it secure the requested authorization from the United States Government.

**Business Plan.** Irving states that the requested annual export volume of 22 Bcf is the total volume sought to be exported from the two transactions described below.<sup>4</sup> As stated above, both transactions are anticipated to begin in November 2017.

In the Transaction 1, Irving Oil Commercial GP will purchase Canadian or U.S. natural gas—in a volume of approximately 9.83 Bcf—on the TransCanada Pipeline system in Canada, and ship it to the United States. As the natural gas crosses the border into the United States, Irving Oil Terminals Operations Inc. will take title to the natural gas. Irving Oil Terminals Operations Inc. will transport the natural gas on the Portland Natural Gas Transmission System through Maine and onto the Maritimes & Northeast Pipeline (U.S.) for delivery to Baileyville, Maine. When the natural gas reaches the United States/Canadian border in Baileyville, Maine, Irving Oil Terminals Operations, Inc. will sell most of the gas back to Irving Oil Commercial GP for export to Canada on the Maritimes & Northeast Pipeline (Canada). Irving has requested authority to import up to 10 Bcf per year pursuant to Transaction 1 in the application.

In the Transaction 2, Irving Oil Terminals Operations Inc. states that it has negotiated two supply agreements. It plans to purchase annually approximately 11.8 Bcf of natural gas from two different suppliers, DTE Energy Trading, Inc. and Shell Energy. The contracts run for a period of 10 to 15 years. Irving Oil Terminals Operations Inc. will purchase the natural gas on the Algonquin Gas Transmission line. The natural gas will be shipped to the Boston area where it will be transferred to the Maritimes & Northeast Pipeline (U.S.) and travel through Maine to Canada. Irving Oil Terminals Operations Inc. will sell the natural gas to Irving Oil Commercial GP in the United States, at the United States/Canadian border in Baileyville, Maine. From there, Irving Oil Commercial GP will export the natural gas to Canada through the Maritimes &

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<sup>4</sup> Detail about these transactions is provided in the Application (at 3-5) and in a document appended to the Application entitled “Anticipated Transactions.”

Northeast (Canada) pipeline. Irving has requested authority to export up to 22 Bcf per year pursuant to Transaction 2 in the application.

According to Irving, the requested volume of natural gas will be used at the Irving refinery in Saint John, New Brunswick, Canada; its co-generation power plant; other Irving businesses in Canada; and/or will be sold to other third-party Canadian customers for use in Canada.

Irving has filed with DOE/FE, under seal, all executed long-term supply agreements associated with the export of natural gas under this requested authorization, and has provided public summaries of each agreement.

## 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 Irving to import and 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. Irving Oil Commercial GP and Irving Oil Terminals Operations Inc. (collectively, Irving) are jointly authorized to import up to 10 Bcf of natural gas per year from Canada and to export up to 22 Bcf of natural gas per year to Canada. The term of this authorization shall be effective for 15 years beginning on November 1, 2017. The imports and exports are authorized pursuant to Transaction 1 and Transaction 2 in the application.

B. This natural gas may be imported at the Canada/United States border along the TransQuebec & Maritimes Pipeline, and exported at the United States/Canada border at Baileyville, Maine, or other border crossings designated in Transaction 1 and/or Transaction 2.

C. **Monthly Reports:** With respect to the natural gas imports and exports authorized by this Order, Irving 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 imports or exports of natural gas have been made. The first monthly report is due December 30, 2017, and should cover the reporting period from the effective date of this Order, November 1, 2017, through November 30, 2017. If no imports and/or exports have been made, a report of “no activity” for that month must be filed. If imports and/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 natural 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)).

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

F. All monthly report filings shall be made to U.S. Department of Energy (FE-34), Division of Natural Gas Regulation, Office of Regulation and International Engagement, Office of Fossil Energy, 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.

Issued in Washington, D.C., on December 31, 2015.



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John A. Anderson  
Director, Office of Regulation and International Engagement  
Office of Oil and Natural Gas