

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

PETRO HARVESTER)
OPERATING COMPANY, LLC)

FE DOCKET NO. 18-143-NG

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

DOE/FE ORDER NO. 4283

OCTOBER 25, 2018

I. BACKGROUND AND DESCRIPTION OF REQUEST

On September 27, 2018, Petro Harvester Operating Company, LLC (Petro Harvester) 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 Petro Harvester requests long-term authorization to export domestically produced natural gas to Canada via pipeline in a volume up to 0.03 billion cubic feet per day (Bcf/d), or 10.95 Bcf per year (Bcf/yr).³ Petro Harvester requests this authorization for a five-year term to commence on the later of: (1) November 15, 2018, or (2) the first day of the month immediately succeeding the commercial in-service date of the proposed South Saskatchewan Access Pipeline, but in no event later than five years after the issuance of the requested authorization.⁴ Petro Harvester is a Delaware limited liability company with its principal place of business in Plano, Texas.

Petro Harvester states that it intends to export sour natural gas produced and gathered near Portal, North Dakota, into Canada for processing at the North Portal Processing Facility located near North Portal, Saskatchewan.⁵ Steel Reef Infrastructure Corporation (Steel Reef Infrastructure) owns and operates the North Portal Processing Plant.⁶ Petro Harvester states that it has entered into a Gas Handling Agreement with Steel Reef Pipelines US LLC (Steel Reef), a wholly-owned subsidiary of Steel Reef Infrastructure.⁷ According to Petro Harvester, Steel Reef

¹ Petro Harvester Operating Co., LLC, Application for Long-Term Authorization to Export Natural Gas to Canada, FE Docket No. 18-143-NG (Sept. 27, 2018) [hereinafter App.].

² 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.

³ App. at 2.

⁴ *See id.*

⁵ *See id.* at 3, 8 (stating that the natural gas will be produced from wells owned and operated by Petro Harvester in North Dakota).

⁶ *See id.* at 3.

⁷ *See id.*

will construct the South Saskatchewan Access Pipeline, which will extend from upstream gathering facilities to be constructed and owned by Petro Harvester near Portal, North Dakota, to an interconnection with the North Portal Processing Plant.⁸ Under the terms of the Gas Handling Agreement, Steel Reef will deliver unprocessed natural gas to the North Portal Processing Plant on the proposed South Saskatchewan Access Pipeline.⁹ Petro Harvester states that Steel Reef anticipates commencing construction of the South Saskatchewan Access Pipeline as soon as possible to achieve a proposed in-service date of November 15, 2018.¹⁰

Petro Harvester further states that the natural gas proposed to be exported via the South Saskatchewan Access Pipeline will be exported at the Border Crossing Facilities located on the United States-Canada border between Portal, North Dakota, and North Portal, Saskatchewan.¹¹

As part of its Application, Petro Harvester has filed with DOE/FE, under seal, all executed long-term contracts associated with the export of natural gas under the requested authorization, and has provided a redacted version for public inspection.

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) of the NGA, 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

⁸ Petro Harvester states that Steel Reef has received approval from the Federal Energy Regulatory Commission to construct, own, and operate the South Saskatchewan Access Pipeline under section 3 of the NGA, as well as a Presidential permit to construct a portion of the Pipeline at the United States-Canada border (Border Crossing Facilities). App. at 3, 6.

⁹ See *id.* at 3-4 & Appendix C (redacted copy of the Gas Handling Agreement).

¹⁰ See *id.* at 4.

¹¹ See *id.* at 8.

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.¹² The authorization sought by Petro Harvester to export natural gas to Canada, a nation with which a free trade agreement requiring national treatment for trade in natural gas 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. Petro Harvester Operating Company, LLC (Petro Harvester) is authorized to export up to 10.95 Bcf/yr (0.03 Bcf/d) of natural gas to Canada. The term of this authorization shall be effective for five years, beginning on the later of: (1) November 15, 2018, or (2) the first day of the month immediately succeeding the commercial in-service date of the proposed South Saskatchewan Access Pipeline.

B. Under the terms of the Gas Handling Agreement, the natural gas will be delivered to the United States-Canada border near Portal, North Dakota, on the South Saskatchewan Access Pipeline.

C. Monthly Reports: With respect to the natural gas exports authorized by this Order, Petro Harvester 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 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.¹³ In subsequent months, if exports have

¹² 15 U.S.C. § 717b(c).

¹³ Under DOE regulations, Petro Harvester is required to notify DOE/FE in writing when additional relevant information about the term of authorization is known—namely, the commercial in-service date of the South

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).

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

D. All monthly report filings shall be made to U.S. Department of Energy (FE-34), Office of Fossil Energy, Office of Oil and Natural Gas, Office of Regulation, Analysis, and 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, or may be faxed to Natural Gas Reports at (202) 586-6050.

Issued in Washington, D.C., on October 25, 2018.

Amy R. Sweeney
Director, Division of Natural Gas Regulation

Saskatchewan Access Pipeline. *See* 10 C.F.R. § 590.407 (requiring “written notice, as soon as practicable, of any prospective or actual changes to the information submitted during the application process upon which the authorization was based”).