



Department of Energy
Washington, DC 20585

November 30, 2018

Thomas D. Ciz
General Counsel
Pieridae Energy (USA) Ltd.
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RE: Change of Control for Long-Term Export Authorizations
Pieridae Energy (USA) Ltd.
FE Docket No. 14-179-LNG

Dear Mr. Ciz:

This correspondence constitutes the response of the Department of Energy (DOE), Office of Fossil Energy (FE), to your letters filed on May 21, 2017 and November 1, 2017, on behalf of Pieridae Energy (USA) Ltd. (Pieridae US) in the above-referenced proceeding.¹ In the letters, you provide information regarding changes to the equity ownership of Pieridae Energy Limited, the parent company of Pieridae US, in light of DOE/FE's Change in Control Procedures.²

I. BACKGROUND

Pieridae US currently holds two long-term export authorizations issued by DOE/FE:

First, in DOE/FE Order No. 3639,³ Pieridae US is authorized to export natural gas from the United States to Canada for consumption in Canada, and, after liquefaction in Canada, to re-export the U.S.-sourced natural gas in the form of liquefied natural gas (LNG) to any country with which the United States has entered into a free trade agreement (FTA) requiring national treatment for trade in natural gas (FTA countries).⁴

¹ Pieridae Energy (USA) Ltd., FE Docket No. 14-179-LNG, Notice of Change of Control (May 22, 2017 and Nov. 1, 2017) [Pieridae US Ltr.].

² See U.S. Dep't of Energy, Procedures for Changes in Control Affecting Applications and Authorizations to Import or Export Natural Gas, 79 Fed. Reg. 65,541 (Nov. 5, 2014) [hereinafter DOE/FE Change in Control Procedures].

³ *Pieridae Energy (USA) Ltd.*, DOE/FE Order No. 3639, FE Docket No. 14-179-LNG, Order Granting Long-Term, Multi-Contract Authorization to Export Natural Gas to Canada and Other Free Trade Agreement Nations (May 22, 2015).

⁴ 15 U.S.C. § 717b(c). The United States currently has FTAs requiring national treatment for trade in natural gas with Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador,

Second, in DOE/FE Order No. 3768, Pieridae US is authorized to export natural gas from the United States to Canada, and, after liquefaction in Canada, to re-export the U.S.-sourced natural gas in the form of LNG to any other country with which trade is not prohibited by U.S. law or policy (non-FTA countries).⁵

II. DESCRIPTION OF CHANGE IN CORPORATE OWNERSHIP

On May 22, 2017, Pieridae US filed a Notice of Change in Control (Notice) in the above-referenced docket. The Notice states that Pieridae US is wholly-owned by Pieridae Energy Limited. On May 15, 2017, Pieridae Energy Limited (Pieridae) and Pétrolia Inc. (Pétrolia), a Canadian public corporation, entered into an agreement which contemplated that, on or before August 15, 2017, Pétrolia would acquire all of the issued and outstanding shares of Pieridae in exchange for shares of Pétrolia, pursuant to a plan of arrangement effected under section 192 of the *Canada Business Corporation Act*. Immediately thereafter, Pétrolia and Pieridae would amalgamate to form a new entity to be named “Pieridae Energy Limited.” According to Pieridae US, the plan of arrangement was subject to (among other things) approval by the shareholders of Pétrolia and Pieridae, as well as the Toronto Stock Exchange (TSX) Venture Exchange. The plan of arrangement, if completed, would result in a “reverse takeover” of Pétrolia, pursuant to which the former shareholders of Pieridae Energy Limited would own, collectively, approximately 85% of the amalgamated corporation.⁶

On November 1, 2017, Pieridae US submitted a letter to DOE/FE confirming that the plan of arrangement and amalgamation became effective on October 24, 2017.⁷ The details of this change of control, as completed under the arrangement, are set forth in Pieridae US’s letter.⁸

III. DISCUSSION AND CONCLUSIONS

DOE/FE construes a change in control to mean a change, directly or indirectly, of the power to direct the management or policies of an entity whether such power is exercised through one or more intermediary companies or pursuant to an agreement, written or oral, and whether such power is established through ownership or voting of securities, or common directors, officers, or stockholders, or voting trusts, holding trusts, or debt holdings, or contract, or any other direct or indirect means.⁹ A rebuttable presumption

Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore. FTAs with Israel and Costa Rica do not require national treatment for trade in natural gas.

⁵ 15 U.S.C. § 717b(a). See *Pieridae Energy (USA) Ltd.*, DOE/FE Order No. 3768, FE Docket No. 14-179-LNG, Opinion and Order Granting Long-Term, Multi-Contract Authorization to Export U.S.-Sourced Natural Gas by Pipeline to Canada for Liquefaction and Re-Export in the Form of Liquefied Natural Gas to Non-Free Trade Agreement Countries (Feb. 5, 2016).

⁶ Pieridae US Ltr., at 1-2 (May 22, 2017).

⁷ Pieridae US Ltr., at 1 (Nov. 1, 2017).

⁸ See *id.* at 1-2.

⁹ See DOE/FE Change in Control Procedures, 79 Fed. Reg. at 65,542.

that control exists will arise from the ownership or the power to vote, directly or indirectly, 10% or more of the voting securities of such entity.¹⁰

A. FTA Authorization (DOE/FE Order No. 3639)

DOE/FE's Change in Control Procedures provide that, upon receipt of a statement of change in control relating to existing FTA long-term natural gas export authorizations, DOE will give immediate effect to the change in control and will take no further action.¹¹ Accordingly, the change in control described above has taken effect insofar as it relates to the FTA authorization issued to Pieridae US in DOE/FE Order No. 3639.

B. Non-FTA Authorization (DOE/FE Order No. 3768)

DOE/FE's Change in Control Procedures state that, with respect to existing non-FTA authorizations, DOE/FE will give effect to the change in control and will publish a notice of the change in the *Federal Register*.¹² If no interested person protests the change in control and DOE takes no action on its own motion, the amendment to the existing non-FTA authorization will be deemed granted 30 days after publication in the *Federal Register*.¹³

Consistent with these procedures, DOE published a notice of the change in control described above in the *Federal Register* on March 1, 2018.¹⁴ DOE/FE invited protests, motions to intervene, and written comments to be filed no later than March 16, 2018.¹⁵ DOE/FE received no filings in response to the notice. Because more than 30 days have passed since the notice was published in the *Federal Register*, the amendment to Pieridae US's non-FTA authorization (DOE/FE Order No. 3768) has been deemed granted.

No further action is required.

Sincerely,

Amy R. Sweeney
Director, Division of Natural Gas Regulation

¹⁰ *See id.*

¹¹ *See id.*

¹² *See id.*

¹³ *See id.*

¹⁴ U.S. Dep't of Energy, Notice of Change in Control, Pieridae Energy (USA) Ltd., LLC, 83 Fed. Reg. 8861 (Mar. 1, 2018).

¹⁵ *See id.*