

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

March 2, 2016

In Reply Refer To:
Crescent Point Energy U.S. Corp.
Eagle Rock Exploration Ltd.
Docket No. CP15-561-000
Presidential Permit

The Honorable Ashton Carter
Secretary of Defense
Washington, DC 20301

Dear Mr. Secretary:

Pursuant to the provisions of Executive Order Nos. 10485 and 12038 of September 3, 1953, and February 3, 1978, respectively, and the Secretary of Energy's Delegation Order No. 00-004.00A, effective May 16, 2006, enclosed herewith for your information and consideration is a copy of an application filed by Crescent Point Energy U.S. Corp. (Crescent Point) and Eagle Rock Exploration Ltd. (Eagle Rock) (collectively, Applicants) with the Federal Energy Regulatory Commission on September 29, 2015, in Docket No. CP15-561-000. Applicants seek an order granting Natural Gas Act (NGA) section 3 authorization and issuance of a Presidential Permit to reflect Crescent Point's current ownership of the Border Crossing Facility, which is located between the United States and Canada, sixteen miles west of Sweetgrass, Montana, between Glacier County, Montana, and the Coutts area of the Province of Alberta, Canada.¹ Crescent Point also seeks an order vacating the section 3 authorization and terminating the Presidential Permit.

In 2003, the Commission authorized Regent Resources Ltd. (Regent) to construct the Border Crossing Facility to allow unprocessed gas from existing shut-in wells in Alberta, Canada, to be imported into an existing United States gathering and processing system.² In 2006, the Commission issued an order authorizing Sword Energy Limited

¹ The Commission authorized Eagle Rock to own and operate the Border Crossing Facility on August 5, 2008. *See Sword Energy Limited and Eagle Rock Exploration, Ltd.*, 124 FERC ¶ 61,143 (2008).

² *Regent Resources Ltd*, 102 FERC ¶ 61,307 (2003).

(Sword) to acquire the Border Crossing Facility from Regent,³ and in 2008, the Commission issued an order authorizing Eagle Rock to acquire the Border Crossing Facility from Sword.⁴ Each of these three Commission orders noted that the Secretaries of State and Defense had no objections to the requested authorizations.

Applicants state that Wild Stream Exploration, Inc. (Wild Stream) purchased Eagle Rock in November 2009. However, Eagle Rock and Wild Stream did not request section 3 authorization and a Presidential Permit at that time for Wild Stream to acquire and operate the Border Crossing Facility. Later, in March 2012, Crescent Point acquired Wild Stream. Applicants state that Crescent Point has only recently discovered that it acquired the Border Crossing Facility as part of its acquisition of Wild Stream. Therefore, Crescent Point seeks section 3 authorization and a Presidential Permit to properly own the Border Crossing Facility, which it then intends to abandon.⁵

The Border Crossing Facility is an existing 30-foot-long section of pipeline authorized for the importation of natural gas from the Province of Alberta, Canada, into Glacier County, Montana. It extends across the Canada/United States border at the NW corner of Section 1, Township 37N, Range 5W in the State of Montana for a distance of 30 feet. The 30-foot-long facility is connected on the Canadian side of the border to Eagle Rock's 4-inch-diameter pipeline extending 2,300 feet directly north to a gas meter station in LSD 8 of Section four (4), Township one (1), Range sixteen (16), West of the fourth (4th) Meridian in the Province of Alberta. On the United States side of the border, the 30-foot long facility interconnects with Crescent Point/Eagle Rock's 4-inch diameter pipeline which runs in a southeasterly direction for a distance of approximately 19,400 feet and ties in with an existing third party gathering system and processing facility in northern Montana at SE ¼ Section 8, Township 37N, Range 4W downstream of the third-party North Moulton compressor station.

As stated above, Crescent Point also requests the Commission vacate the section 3 authorization and terminate the Permit so that Crescent Point may properly abandon the Border Crossing facility in place. Crescent Point states that there is currently no natural gas flowing through the Border Crossing Facility and that it can confirm there has been no gas flow since at least March 2012. Crescent Point requests the Commission

³ *Regent Resources Ltd. and Sword Energy Limited*, 117 FERC ¶ 61,036 (2006).

⁴ 2008 Order, 124 FERC ¶ 61,143.

⁵ NGA Section 3 authorizations and Presidential Permits are non-transferable; therefore, Applicants request will be treated as a request by Crescent Point for a new NGA section 3 authorization and a new Presidential Permit. As holder of the authorizations, Crescent Point will then be the entity responsible for compliance with any conditions imposed in connection with their termination.

authorize it to leave the facilities in place upon termination of its section 3 authorization and Permit because it believes removal of the facilities would result in greater environmental disturbance. Prior to abandoning the pipeline, Crescent Point states the pipeline will be purged with air to remove liquids and inhibitor and that the pipeline will be capped and tagged underground.

Pursuant to regulations adopted by the Commission to implement NGA section 15 as amended by EPCRA 2005, your recommendation regarding this proposed Presidential Permit should be provided to the Commission no later than 90 days after the Commission issues its final environmental document.⁶ Notice of the initial schedule for the development of the environmental document, any subsequent changes to that schedule, issued draft environmental documents (if any), and the final environmental document will be available on the Commission's website and may be monitored by your staff via the Commission's eSubscription service.

Also enclosed for your consideration is a draft copy of the Presidential Permit to be issued to Crescent Point, if the Commission approves its application. The proposed Presidential Permit incorporates terms and conditions you and the Secretary of State have required in similar cases.

A similar letter, together with a draft of the proposed Presidential Permit and a copy of the application, is being sent to the Secretary of State. If the Secretary of State should make an unfavorable recommendation or propose any material change in the draft Presidential Permit, the Commission will immediately advise you.

The Commission would appreciate receiving your views regarding issuance of the proposed Presidential Permit in the name of Crescent Point and concurrent issuance of an order terminating the permit at your earliest convenience. Please do not hesitate to contact me at (202) 502-8400, or Theodore Koroshetz at (202) 502-6155, if you need any further information.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

⁶ See 18 C.F.R. § 157.22 (2015).

cc: The Honorable John F. Kerry
Secretary of State

Attachments: Application of Crescent Point Energy U.S. Corp.
Draft of amended Presidential Permit

**DRAFT PRESIDENTIAL PERMIT
AUTHORIZING CRESCENT POINT ENERGY U.S. CORP.
TO ACQUIRE, OPERATE, AND MAINTAIN FACILITIES FOR THE
IMPORTATION OF NATURAL GAS AT THE INTERNATIONAL BOUNDARY
BETWEEN THE UNITED STATES AND CANADA
IN GLACIER COUNTY, MONTANA**

**FEDERAL ENERGY REGULATORY COMMISSION
DOCKET NO. CP15-561-000**

(Issued , 2016)

Crescent Point Energy U.S. Corp (Crescent Point) and Eagle Rock Exploration Ltd. (Eagle Rock) (collectively, Permittees) filed on September 29, 2015, in Docket No. CP15-561-000 an application pursuant to Executive Order Nos. 10485 and 12038, dated September 3, 1953, and February 3, 1978, respectively, and the Secretary of Energy's Delegation Order No. 00-004.00A, effective May 16, 2006, requesting that the Commission issue an order under section 3 of the NGA and a Presidential Permit authorizing Crescent Point to acquire from Eagle Rock Exploration Ltd. certain pipeline and related facilities and to operate and maintain such facilities, as described in Article 2 below, for the importation of natural gas from Canada.

By letter dated , 2016, the Secretary of State, and by letter dated , 2016, the Secretary of Defense, favorably recommended that the Permit be granted. The Federal Energy Regulatory Commission finds that the issuance of a Permit is appropriate and consistent with the public interest.

Pursuant to the provisions of Executive Order Nos. 10485 and 12038, the Secretary of Energy's Delegation Order No. 00-004.00A, and the Commission's Regulations, permission is granted to Permittees to operate and maintain the natural gas facilities described in Article 2 below, upon the terms and conditions of the Permit.

Article 1. It is expressly agreed by the Permittees that the facilities herein described shall be subject to all provisions and requirements of this Permit. This Permit may be modified or revoked by the President of the United States or the Federal Energy Regulatory Commission and may be amended by the Federal Energy Regulatory Commission upon proper application therefore.

Article 2. The following facilities are subject to this Permit:

A 30-foot long segment of pipeline extending across the Canada/United States border at the NW corner of Section 1, Township 37N, Range 5W in the State of

Montana for a distance of 30 feet. The 30-foot long border crossing facility is connected on the Canadian side of the border to Eagle's 4-inch diameter pipeline extending 2,300 feet directly north to a gas meter station in LSD 8 of Section four (4), Township one (1), Range sixteen (16), West of the fourth (4th) Meridian in the Province of Alberta. On the United States side of the border, the 30-foot border crossing facility interconnects with Eagle's 4-inch diameter pipeline which runs in a southeasterly direction for a distance of approximately 19,400 feet and ties in with an existing third-party gathering system and processing facility in northern Montana at SE ¼ Section 8, Township 37N, Range 4W downstream of the third-party North Moulton compressor station.

Article 3. The natural gas facilities subject to this Permit, or which may subsequently be included herein by modification or amendment, may be utilized for the transportation of natural gas imported from Canada only in the amount, at the rate, and in the manner authorized under section 3 of the Natural Gas Act.

Article 4. The operation and maintenance of the aforesaid facilities shall be subject to the inspection and approval of representatives of the United States. The Permittees shall allow officers and employees of the United States, showing proper credentials, free and unrestricted access to the land occupied by the facilities in the performance of their official duties.

Article 5. If in the future it should appear to the Secretary of Defense that any facilities or operations permitted hereunder cause unreasonable obstruction to the free navigation of any of the navigable waters of the United States, the Permittees may be required, upon notice from the Secretary of Defense, to remove or alter the same so as to render navigation through such waters free and unobstructed.

Article 6. The Permittees shall be liable for all damages occasioned to the property of others by the operation or maintenance of the facilities, and in no event shall the United States be liable therefor. The Permittees shall do everything reasonable within their power to prevent or suppress fires on or near land occupied under this Permit.

Article 7. The Permittees agree to file with the Commission, under oath and in such detail as the Commission may require, such statements or reports with respect to the natural gas imported or exported, or the facilities described herein, as the Commission may, from time to time, request. Such information may be made available to any federal, state, or local agency requesting such information.

Article 8. Neither this Permit nor the facilities, nor any part thereof, covered by this Permit shall be voluntarily transferred in any manner, but the Permit shall continue in effect temporarily for a reasonable time in the event of the involuntary transfer of the facilities by operation of law (including transfer to receivers, trustees, or purchasers under

foreclosure or judicial sale) pending the making of an application for a permanent Permit and decision thereon, provided notice is promptly given in writing to the Commission accompanied by a statement that the facilities authorized by this Permit remain substantially the same as before the involuntary transfer. The Permittees shall maintain the facilities in a condition of repair for the efficient transportation of natural gas and shall make all necessary renewals and replacements.

Article 9. Upon the termination, revocation, or surrender of this Permit, the Commission shall determine which of the authorized facilities shall be removed and which shall remain in place. The facilities authorized shall be removed within such time as the Commission may specify, and at the Permittee's expense. Upon failure of the Permittee to comply with the Commission's direction to remove any authorized facilities, or any portion thereof, the Commission may direct that possession of the same be taken and the facilities be removed at the Permittee's expense, and the Permittee shall have no claim for damages by reason of such possession or removal.

Article 10. The Permittees agree that when, in the opinion of the President of the United States, evidenced by a written order addressed to it as holder of this Permit, the safety of the United States demands it, the United States shall have the right to enter upon and take possession of any of the facilities, or parts thereof, maintained or operated under this Permit, and all contracts covering the transportation or sale of natural gas by means of said facilities, to retain possession, management, and control thereof for such length of time as may appear to the President to be necessary to accomplish said purposes, and then to restore possession and control to the Permittees; and in the event that the United States shall exercise such right it shall pay the Permittees just and fair compensation for the use of said facilities upon the basis of a reasonable profit in time of peace, and the cost of restoring said facilities to as good condition as existed at the time of taking over thereof, less the reasonable value of any improvements that may be made thereto by the United States and which are valuable and serviceable to the Permittees.

Article 11. This Permit is subject to any action which the Government of the United States may in the future deem expedient or necessary to take in case any part of the aforesaid facilities comes into the control of any foreign government.

Article 12. The Government of the United States shall be entitled to the same or similar privileges as may by law, regulation, agreement, or otherwise, be granted by the Permittees to any foreign government.

By direction of the Commission.

Secretary

IN TESTIMONY OF ACCEPTANCE of all the provisions, conditions and requirements of this Permit, the Permittees this day of _____ have caused their names to be signed by _____, pursuant to a resolution of its Board of Directors duly adopted on the ___ day of _____, _____, a certified copy of the record of which is attached hereto.

Crescent Point Energy U.S. Corp.
By _____

Eagle Rock Exploration Ltd.
By _____

(Attest)

Executed in triplicate