

162 FERC ¶ 61,067  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Kevin J. McIntyre, Chairman;  
Cheryl A. LaFleur, Neil Chatterjee,  
Robert F. Powelson, and Richard Glick.

Steppe Petroleum USA, Inc. and  
Bakken Hunter LLP

Docket No. CP17-61-000

ORDER ISSUING PRESIDENTIAL PERMIT AND GRANTING AUTHORIZATION  
UNDER SECTION 3 OF THE NATURAL GAS ACT

(Issued January 29, 2018)

1. On February 14, 2017, Steppe Petroleum USA, Inc. (Steppe), and Bakken Hunter LLP (Bakken) filed an application pursuant to section 3 of the Natural Gas Act (NGA),<sup>1</sup> Part 153 of the Commission's regulations,<sup>2</sup> and Executive Order Nos. 10485 and 12038<sup>3</sup> to transfer to Steppe the NGA section 3 authorization and Presidential Permit that were

---

<sup>1</sup> 15 U.S.C. § 717b (2012).

<sup>2</sup> 18 C.F.R. pt. 153 (2017).

<sup>3</sup> Authorization under section 3 of the NGA is necessary for the siting, construction, expansion, or operation of facilities to import or export natural gas. Pursuant to Executive Order No. 10485, dated September 3, 1953 (18 Fed. Reg. 5397), as amended by Executive Order No. 12038, dated February 3, 1978 (43 Fed. Reg. 4957), a Presidential Permit must be obtained for the portion of an import or export facility crossing one of the United States' international borders. In Delegation Order No. 00-004.00A, effective May 16, 2006, the Secretary of the United States Department of Energy (DOE) renewed the delegation of authority to the Commission to grant or deny authorization under section 3 of the NGA and, if applicable, a Presidential Permit, for the construction, operation, maintenance, or connection of import and export facilities. The Commission has no authority to approve or disapprove applications to import or export natural gas. The Secretary of Energy has delegated such authority to DOE's Assistant Secretary for Fossil Energy.

issued to Bakken on April 24, 2014, in Docket No. CP14-24-000<sup>4</sup> for the existing border crossing facility located at the international boundary between Divide County, North Dakota (Divide County) and the Province of Saskatchewan, Canada.

2. As discussed below, the Commission will grant the requested authorizations.

**I. Background and Proposal**

3. Steppe, a directly wholly-owned subsidiary of Steppe Petroleum Inc., is a Delaware corporation with its principal place of business in Calgary, Alberta.<sup>5</sup>

4. Bakken is a wholly-owned subsidiary of Blue Ridge Mountain Resources, Inc., a Delaware corporation based in Irving, Texas.

5. On April 24, 2014, the Commission granted NGA section 3 authorization and issued a Presidential Permit to Bakken to site, construct, operate, and maintain border-crossing facilities to import natural gas from Saskatchewan, Canada, into a non-jurisdictional gathering system owned and operated by ONEOK Rockies Midstream, LLC (ONEOK) in Divide County, North Dakota.<sup>6</sup> This Commission order noted that the Secretaries of State and Defense had no objections to the requested authorizations.

6. The Commission-authorized border crossing facilities consist of an existing 5,372-foot-long, 10-inch-diameter pipeline, with a capacity of 5 million cubic feet (MMcf) per day, extending from the international boundary near Saskatchewan, Canada, to ONEOK's gathering system in Divide County, North Dakota. The border crossing facilities also include a pigging facility in Divide County.

7. To effectuate a purchase and sale agreement, applicants request that the Commission grant NGA section 3 authorization and issue a Presidential Permit to Steppe to operate and maintain the existing border crossing facilities to import natural gas from Canada.

---

<sup>4</sup> *Bakken Hunter, LLC*, 147 FERC ¶ 61,065 (2014) (*Bakken*).

<sup>5</sup> Steppe Petroleum, Inc., a wholly-owned subsidiary of Steppe Resources Inc., is an oil and natural gas producer engaged in the exploration and production of crude oil and natural gas resources in Canada. Steppe Petroleum Inc. operates and maintains the Canadian portion of the border crossing facility.

<sup>6</sup> *Bakken*, 147 FERC ¶ 61,065.

## II. Public Notice and Intervention

8. Notice of Steppe's and Bakken's application was published in the Federal Register on March 6, 2017.<sup>7</sup> No protests, comments, or motions to intervene were filed.

## III. Consultation with Secretaries of State and Defense

9. On September 22, 2017, pursuant to Executive Order 10485, the Commission sent letters to the Secretaries of State and Defense seeking their recommendations on the applicants' request for issuance of a Presidential Permit authorizing Steppe's operation of the subject border crossing facility. By letters dated October 31, 2017, and November 13, 2017, the Secretaries of Defense and State, respectively, indicated that they have no objections to the issuance of the proposed Presidential Permit to Steppe.

## IV. Discussion

10. Pursuant to Department of Energy Delegation Order No. 00-004.00A, effective May 16, 2006, the Commission has delegated authority to issue Presidential Permits and grant NGA section 3 authorizations for import and export facilities. Section 153.9 of the Commission's regulations provides that prior Commission authorization is necessary for the transfer of facilities authorized under section 3 of the NGA.<sup>8</sup> Further, Article 8 of Bakken's 2014 Presidential Permit states that neither the Presidential Permit nor any of the facilities covered by the permit may be voluntarily transferred.

11. When the Commission first evaluated and authorized the construction and operation of the border crossing facilities, we found that approval of the facility for the importation of natural gas is not inconsistent with the public interest.<sup>9</sup> Steppe and Bakken propose no construction or modifications to the operation of the Commission-approved border crossing facilities, which are currently shut in with no flow of gas. No comments have been filed in opposition to Steppe's request. For these reasons, we find that Steppe's proposal to operate the border crossing facilities is not inconsistent with the public interest. Accordingly, we will grant NGA section 3 authorization and issue a Presidential Permit to Steppe, as requested in the joint application.<sup>10</sup>

---

<sup>7</sup> 82 Fed. Reg. 12,577 (2017).

<sup>8</sup> 18 C.F.R. § 153.9 (2017).

<sup>9</sup> *Bakken*, 147 FERC ¶ 61,065 at P 12.

<sup>10</sup> The Presidential Permit is attached as the Appendix to this order.

12. The transfer of the border facilities by Bakken to Steppe will not involve the construction or modification of any facilities and thus there will be no environmental impacts from the proposed action.

13. The Commission on its own motion received and made a part of the record in this proceeding all evidence, including the application and exhibits thereto, and all comments and upon consideration of the record,

The Commission orders:

(A) The NGA section 3 authorization and a Presidential Permit, formerly granted to Bakken in Docket No. CP14-24, are issued to Steppe to operate and maintain natural gas facilities at the border between the United States and Canada, subject to the conditions in the Presidential Permit set forth in the Appendix to this order.

(B) Steppe shall sign and return the testimony and acceptance of all provisions, conditions, and requirements of the Presidential Permit to the Secretary of the Commission (Secretary) within 30 days of the issuance of this order.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

**APPENDIX**

**PRESIDENTIAL PERMIT AUTHORIZING STEPPE PETROLEUM USA, INC.  
TO OPERATE AND MAINTAIN NATURAL GAS FACILITIES  
AT THE INTERNATIONAL BOUNDARY  
BETWEEN THE UNITED STATES AND CANADA**

**FEDERAL ENERGY REGULATORY COMMISSION  
Docket No. CP17-61-000**

January 29, 2018

Bakken Hunter, LLC (Bakken) and Steppe Petroleum USA, Inc. (Steppe or Permittee) filed on February 14, 2017, in Docket No. CP17-61-000, 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 Steppe to operate and maintain border crossing pipeline facilities, as described in Article 2 below, for the importation of natural gas from Canada.

By letter filed October 17, 2017, the Secretary of Defense, and by letter filed November 8, 2017, the Secretary of State, favorably recommend that a Permit be granted to Steppe. The Federal Energy Regulatory Commission finds that the issuance of the Permit to Steppe 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 Permittee 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 Permittee 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:

Approximately 5,372 feet of 10-inch-diameter pipeline, with a capacity of 5 million cubic feet (MMcf) per day and a maximum operating pressure of 80 pounds per square inch, extending from the international boundary near Saskatchewan, Canada, to the ONEOK Custody Transfer location, in Divide County, North Dakota.

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 between the United States and Canada only in the amount, at the rate, and in the manner authorized under section 3 of the NGA.

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 Permittee 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 the 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 Permittee may be required, upon notice from the Secretary of Defense, to remove or alter the same so as to render navigation through such water free and unobstructed.

Article 6. The Permittee 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 therefore. The Permittee shall do everything reasonable within its power to prevent or suppress fires on or near land occupied under this Permit.

Article 7. The Permittee agrees 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 exported, imported, 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 Permittee 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 Permittee shall maintain the facilities in a condition of repair for the efficient transportation of natural gas and shall make all necessary renewals and replacement.

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 Permittee agrees that when, in the opinion of the President of the United States, evidenced by a written order addressed to its 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 Permittee; and in the event that the United States shall exercise such right it shall pay the Permittee 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 Permittee.

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 Permittee to any foreign government.

By direction of the Commission.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

IN TESTIMONY OF ACCEPTANCE of all the provisions, conditions, and requirements of this Permit, the Permittee this day of \_\_\_\_\_ has caused its name to be signed by \_\_\_\_\_, pursuant to a resolution of its Board of Directors duly adopted on the \_\_\_\_ day of \_\_\_\_\_, 2018, a certified copy of the record of which is attached hereto.

Steppe Petroleum USA, Inc.

By \_\_\_\_\_

(Attest)

\_\_\_\_\_  
Executed in triplicate