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March 4, 2010

Mr. John Anderson
Office of Fuels Programs, Fossil Energy
U.S. Department of Energy
Docket Room 3F-056, FE-50
Forrestal Building
1000 Independence Avenue, S.W.
Washington, D.C. 20585



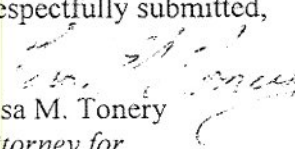
**Re: In the Matter of Freeport LNG Development, L.P.
FE Docket No. Docket No. 08 - 70 - LNG
Application For Limited Amendment To Blanket Authorization To
Export Liquefied Natural Gas**

Dear Mr. Anderson:

Enclosed for filing on behalf of Freeport LNG Development, L.P. ("Freeport LNG"), please find an original and fifteen (15) copies of Freeport LNG's application for a limited amendment to the authorization granted by the Department of Energy ("DOE"), Office of Fossil Energy ("FE") in DOE Opinion and Order No. 2644 issued on May 28, 2009, as amended by Order No. 2644-A on September 22, 2009 (collectively "Order No. 2644").¹ Freeport LNG is seeking an amendment of Order No. 2644 so that it also may export foreign-sourced liquefied natural gas ("LNG") from the Freeport LNG terminal to any other country (in addition to those specifically listed in Order No. 2644) with the capacity to import LNG via ocean-going carrier and with which trade is not prohibited by U.S. law or policy.

Should you have any questions about the foregoing, please feel free to contact the undersigned at (212) 318-3009.

Respectfully submitted,


Lisa M. Tonery
Attorney for
Freeport LNG Development, L.P.

cc: Interveners of Record

¹ A check in the amount of \$50.00 is enclosed as the filing fee stipulated by 10 C.F.R. § 590.207 (2009).

**UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY**

In The Matter Of:

FREEPORT LNG DEVELOPMENT, L.P.

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Docket No. 08 - 70 - LNG

**APPLICATION OF FREEPORT LNG DEVELOPMENT, L.P.
FOR LIMITED AMENDMENT TO BLANKET AUTHORIZATION TO EXPORT
LIQUEFIED NATURAL GAS**

Freeport LNG Development, L.P. ("Freeport LNG") hereby files this application for a limited amendment ("Amendment") to the authorization granted by the Department of Energy ("DOE"), Office of Fossil Energy ("FE") in DOE Opinion and Order No. 2644 issued on May 28, 2009, as amended by Order No. 2644-A on September 22, 2009 (collectively "Order No. 2644").¹ In Order No. 2644, FE authorized Freeport LNG to engage in short-term exports of up to 24 billion cubic feet ("Bcf"),² on a cumulative basis, of liquefied natural gas ("LNG") that has been imported into the United States from foreign sources, for a two-year period commencing May 28, 2009. Specifically, Order No. 2644 authorized Freeport LNG to export LNG from its Quintana Island, Texas facilities to the United Kingdom, Belgium, Spain, France, Italy, Japan, South Korea, India, China, Taiwan, Mexico and/or Canada. Freeport LNG is herein seeking an amendment of Order No. 2644 so that it also may export foreign-sourced LNG from its Quintana Island terminal to any other country (in addition to those specifically listed in Order No. 2644)

¹ Order No. 2644-A amended Freeport LNG's blanket authorization to allow it to also export foreign-sourced LNG from its Quintana Island, Texas facilities to Canada and Mexico.

² One Bcf is equivalent to approximately one Trillion British Thermal Units ("TBtus"). Accordingly, Freeport LNG is authorized to export up to the equivalent of 24 TBtus.

with the capacity to import LNG via ocean-going carrier and with which trade is not prohibited by U.S. law or policy.

In support of its application, Freeport LNG states as follows:

I.
DESCRIPTION OF THE APPLICANT

The exact legal name of Freeport LNG is Freeport LNG Development, L.P. Freeport LNG is a Delaware limited partnership with one general partner, Freeport LNG-GP, Inc., a Delaware corporation, which is owned 50% by an individual, Michael S. Smith, and 50% by ConocoPhillips Company. Freeport LNG's limited partners are: (1) Freeport LNG Investments, LLLP, a Delaware limited liability limited partnership, which owns a 45% limited partnership interest in Freeport LNG; (2) Cheniere FLNG, L.P., a Delaware limited partnership, which owns a 30% limited partnership interest in Freeport LNG; (3) Texas LNG Holdings LLC, a Delaware limited liability company and wholly-owned subsidiary of The Dow Chemical Company, which owns a 15% limited partnership interest in Freeport LNG; and (4) Turbo LNG LLC, a Delaware limited liability company and wholly-owned subsidiary of Osaka Gas Co., Ltd., which owns a 10% limited partnership interest in Freeport LNG.

The Federal Energy Regulatory Commission ("FERC") has authorized Freeport LNG to site, construct and operate an LNG import, storage, and vaporization terminal on Quintana Island, Texas and an associated 9.6-mile long send-out pipeline.³ On May 6, 2009, FERC issued an order granting Freeport LNG authorization to modify its Quintana Island facilities as required

³ *Freeport LNG Development, L.P., Order Granting Authorization Under Section 3 of the Natural Gas Act*, 107 FERC ¶ 61,278 (2004), *Order Granting Rehearing and Clarification*, 108 FERC ¶ 61,253 (2004); *Order Amending Section 3 Authorization*, 112 FERC ¶ 61,194 (2005).

to engage in exports of LNG.⁴ FE issued Order No. 2644 granting Freeport LNG blanket authorization to engage in short-term exports of up to 24 Bcf of LNG from its Quintana Island import terminal to various foreign countries for a two-year period beginning May 28, 2009.

II.

COMMUNICATIONS AND CORRESPONDENCE

All correspondence and communications concerning this Amendment, including all service of pleadings and notices, should be directed to the following persons:

John Tobola, Esq.
Michael Johns
Freeport LNG Development, L.P.
333 Clay Street, Suite 5050
Houston, TX 77002
(713) 980-2888 (phone)
(713) 980-2903 (fax)
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mjohns@freeportlng.com

Lisa M. Tonery
Tania S. Perez
Fulbright & Jaworski L.L.P.
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New York, New York 10103
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ltonery@fulbright.com
tperez@fulbright.com

Pursuant to Section 590.103(a) of the DOE regulations, 10 C.F.R. §590.103(a) (2009), Freeport LNG hereby certifies that the persons listed above and the undersigned are the duly authorized representatives of Freeport LNG.

III.

DESCRIPTION OF PROPOSAL

Freeport LNG hereby requests that FE amend Order No. 2644 so as to authorize export by Freeport LNG of foreign-sourced LNG from its Quintana Island terminal to any other country (in addition to those specifically listed in Order No. 2644) with the capacity to import LNG via ocean-going vessel and with which trade is not prohibited by U.S. law or policy. Freeport LNG

⁴ *Freeport LNG Development, Order Amending Section 3 Authorizations*, 127 FERC ¶ 61,105 (2009) (“May 6th Order”).

is not seeking authorization to export domestically-produced natural gas or LNG. Moreover, Freeport LNG is not seeking to expand the volume of LNG authorized for export thereunder. No additional physical modifications to the Quintana Island terminal are required to accommodate the limited additional export authorization requested herein.⁵ There are no other proceedings related to this application currently pending before DOE for any other federal agency.

IV. PUBLIC INTEREST

Pursuant to Section 3 of the NGA, FE is required to authorize exports to a foreign country unless there is a finding that such exports “will not be consistent with the public interest.”⁶ Section 3 thus creates a statutory presumption in favor of approval of this Amendment which opponents bear the burden of overcoming.⁷ Further, in evaluating an export application, FE applies the principles described in DOE Delegation Order No. 0204-111, which focuses primarily on domestic need for the gas to be exported, and the Secretary’s natural gas policy guidelines.⁸ As detailed below, Freeport LNG’s proposal to export LNG to those countries with the capacity to import LNG via ocean-going carrier and with which trade is not prohibited by U.S. law or policy is consistent with Section 3 of the NGA and FE’s policy.

In Order No. 2644, which granted Freeport LNG blanket authorization to export up to 24 Bcf (cumulative) of previously imported foreign-sourced LNG, FE determined that there

⁵ Freeport LNG has already made those limited facility modifications required in order to engage in export activities pursuant to the May 6th Order.

⁶ 15 U.S.C. 717b.

⁷ In *Panhandle Producers and Royalty Owners Association v. ERA*, 822 F.2d 1105, 1111 (D.C. Cir. 1987), the court found that Section 3 of the NGA “requires an affirmative showing of inconsistency with the public interest to deny an application” and that a “presumption favoring ... authorization ... is completely consistent with, if not mandated by, the statutory directive.” See also *Independent Petroleum Association v. ERA*, 870 F.2d 168, 172 (5th Cir. 1989); *Panhandle and Royalty Owners Association v. ERA*, 847 F.2d 1168, 1176 (5th Cir. 1988).

⁸ See 49 Fed. Reg. 6684, February 22, 1984.

presently is no domestic reliance on the volumes of imported LNG that Freeport LNG would seek to export. Most recently, FE made the same finding in granting ConocoPhillips Company (“ConocoPhillips”) blanket authority to export from the Freeport LNG Quintana Island terminal up to 500 Bcf of previously imported LNG.⁹ FE stated that “the record shows there is sufficient supply of natural gas to satisfy domestic demand from multiple other sources at competitive prices without drawing on the LNG with ConocoPhillips seeks to export...”¹⁰

Freeport LNG is requesting further authorization, for itself and as agent for third parties, to periodically export LNG imported under DOE/FE Order No. 2457, as well as LNG of third parties, to any other country not specifically identified in Order No. 2644 with the capacity to import LNG via ocean-going vessel and with which trade is not prohibited by U.S. law or policy, should market conditions in the United States not support domestic sale of those supplies. Amendment of Freeport LNG’s short-term blanket authorization as requested herein would provide Freeport LNG with the necessary flexibility it requires to respond to changes in domestic and global markets for natural gas and LNG. The additional flexibility sought herein would further encourage Freeport LNG to obtain and store spot-market LNG cargoes. Natural gas derived from imported LNG will be available to supply local markets when conditions support it, and will thereby serve to moderate U.S. gas price volatility. As such, the requested export authorization is consistent with the public interest.

V. ENVIRONMENTAL IMPACT

As reflected above, no changes to the Freeport LNG facilities would be required for the proposed exportation of LNG. Consequently, granting this application will not be a federal

⁹ *ConocoPhillips Company*, FE 09-92-LNG, DOE Opinion and Order No. 2731 (November 30, 2009).

¹⁰ *Id.* at p. 11.

action significantly affecting the human environment within the meaning of the National Environmental Policy Act, 42 U.S.C. §4231, *et seq.* Therefore, an environmental impact statement or environmental assessment is not required.

VI. **APPENDICES**

The following appendices are attached hereto and incorporated by reference herein:

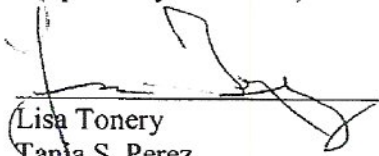
Appendix A: Verification.

Appendix B: Opinion of Counsel.

VII. **CONCLUSION**

For the foregoing reasons, Freeport LNG respectfully requests that FE determine that Freeport LNG's request for limited amendment of Order No. 2644 as discussed herein to enable it to export foreign-sourced LNG from its Quintana Island facilities to additional foreign countries with the ability to import LNG via ocean-going carrier and with which trade is not prohibited by U.S. law or policy, is not inconsistent with the public interest and grant such amendment as expeditiously as possible.

Respectfully submitted,



Lisa Tonery
Tania S. Perez
Attorneys for
Freeport LNG Development, L.P.

Fulbright & Jaworski L.L.P.
666 Fifth Avenue
New York, New York 10103
(212) 318-3009

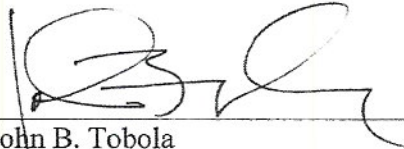
Appendix A

VERIFICATION

State of Texas)

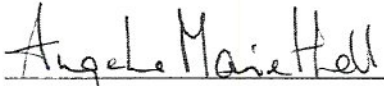
County of)

BEFORE ME, the undersigned authority, on this day personally appeared John B. Tobola, who, having been by me first duly sworn, on oath says that he is the Vice President and General Counsel for Freeport LNG Development, L.P. and is duly authorized to make this Verification; that he has read the foregoing instrument and that the facts therein stated are true and correct to the best of his knowledge, information and belief.



John B. Tobola

SWORN TO AND SUBSCRIBED before me on the 4th day of March, 2010.



Name: ANGELA MARIE HALL
Title: Notary Public

My Commission expires:

11/22/2012



Appendix B

FREEPORT LNG DEVELOPMENT, L.P.

333 Clay St., Suite 5050
Houston, TX 77002

March 4, 2010

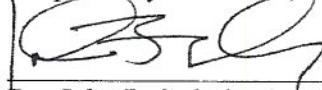
Office of Fuel Programs
Fossil Energy, U.S. Department of Energy
Docket Room 3F-056, FE50
Forrestal Building
1000 Independence Avenue, S.W.
Washington, D.C. 10585

**Re: Freeport LNG Development, L.P.
Application for Limited Amendment to Blanket Authorization to Export
Liquefied Natural Gas**

Dear Sir or Madam:

This opinion of counsel is provided in accordance with the requirements of Section 590.202(c) of the U.S. Development of Energy's regulations, 10 C.F.R. § 590.202 (c) (2009). I have examined the Certificate of Limited Partnership and Amended and Restated Limited Partnership Agreement, as amended, of Freeport LNG Development, L.P. ("FLNG Development") and other authorities as necessary, and have concluded that the proposed exportation of foreign-sourced liquefied natural gas from its Quintana Island terminal to any country with the capacity to import LNG via ocean-going carrier and with which trade is not prohibited by U.S. law or policy is within its partnership powers. Further, FLNG Development is authorized to do business in Texas and to engage in foreign commerce.

Respectfully submitted,



By: John B. Tobola, *Vice President and
General Counsel*

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