



 ORIGINAL

Global Gas

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September 9, 2010

VIA FAX 202-586-6221

Lorraine A. Moore
Office of Natural Gas Global Security and Supply
U.S. Department of Energy
Room 3E-042
FE-34
1000 Independence Ave. Southwest
Washington, DC 20585



RE: Chevron U.S.A. Inc., Docket No. 10-114-LNG
Application for Blanket Authorization to Export Liquefied Natural Gas on a Short-Term Basis

Dear Ms. Moore:

Chevron U.S.A. Inc. hereby files with the Office of Fuels, Programs, Fossil Energy of the Department of Energy an application for blanket authorization to export LNG for a term of two years beginning on the date the authorization is granted. We are sending to the above fax number a copy of the complete application, and a copy of the \$50 check that is required. The original and fifteen copies will be sent by overnight delivery service this afternoon. A check in the amount of \$50 will also be enclosed as the filing fee stipulated by 10 C.F.R. 590.207. Chevron is seeking authority to re-export up to seventy-two billion cubic feet of previously imported LNG during the two year period of the authorization. The proposed export will be from the Sabine Pass LNG Terminal, owned by Sabine Pass LNG, L.P., in Cameron Parish, Louisiana to any country with the capacity to import LNG via ocean-going carrier and with which trade is not prohibited by Federal law or policy.

Thank you for your attention to this matter. If you have any questions regarding this filing, please contact the undersigned at (713) 372-9245.

Respectfully submitted,


J. Jeannie Myers

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UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY



In The Matter Of:

CHEVRON U.S.A. INC.

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Docket No. 10-114-LNG

APPLICATION OF CHEVRON U.S.A. INC.
FOR BLANKET AUTHORIZATION
TO EXPORT LIQUEFIED NATURAL GAS ON A SHORT-TERM BASIS

Pursuant to Section 3 of the Natural Gas Act (“NGA”), 15 U.S.C. §717b, and Part 590 of the Department of Energy’s (“DOE”) regulations, 10 C.F.R. Part 590 (2009), Chevron U.S.A. Inc. (“Chevron”) hereby requests that DOE, Office of Fossil Energy (“DOE/FE”), issue an order granting blanket authorization for Chevron to engage in short-term exports of up to approximately seventy-two billion cubic feet (72 Bcf), on a cumulative basis, of previously-imported liquefied natural gas (“LNG”) from foreign sources, for a two-year period commencing the date of authorization. Chevron is seeking authorization to export such previously-imported LNG from the Sabine Pass LNG Terminal, owned by Sabine Pass LNG, L.P., in Cameron Parish, Louisiana to any country with the capacity to import LNG via ocean-going carrier and with which trade is not prohibited by Federal law or policy. Good cause exists to grant the requested authorization for the reasons stated below.

I. DESCRIPTION OF THE APPLICANT

Chevron is a Pennsylvania corporation with its principal place of business in San Ramon, California. Chevron Global Gas is a division of Chevron that engages in the global business of marketing and trading LNG. Chevron has contracted for 1.0 Bcf/day of terminal capacity from

Sabine Pass LNG, L.P. for an initial term of twenty years that commenced in November 2004 with the option to extend the term for a period of twenty years. On July 14, 2010, DOE/FE Order no. 2813 granted Chevron blanket authorization to import the equivalent of up to 800 Bcf from various international sources for a two year period beginning on August 1, 2010. Under the terms of the blanket authorization, LNG may be imported at any LNG receiving facility in the United States and its territories.

II. COMMUNICATIONS AND CORRESPONDENCE

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

Rachelle Phillips
Financial Analyst
Chevron Global Gas
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Phone 832-854-5348
Email rdphillips@chevron.com

J. Jeannie Myers
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III. AUTHORIZATION REQUESTED

Chevron requests blanket authorization to export up to 72 Bcf, on a cumulative basis, of previously-imported LNG from foreign sources, over a two year period beginning on the date that the authorization is granted. Chevron requests that such authorization apply to previously-imported LNG to which Chevron holds title, and to previously-imported LNG that Chevron may export on behalf of other parties that hold title to such LNG. Chevron is seeking such authorization to export such previously-imported LNG to any country with the capacity to import

LNG via ocean-going carrier and with which trade is not prohibited by Federal law or policy. Under the authorization sought herein, Chevron does not request the authority to export any domestically-produced natural gas or LNG.

The blanket export authorization requested by Chevron would be applicable to exports from the Sabine Pass LNG Terminal, owned by Sabine Pass LNG, L.P., in Cameron Parish, Louisiana. The DOE/FE has recently granted an authorization for exports from this terminal by another party¹ and has granted other authorizations under similar requests.² There are no other proceedings related to this application currently pending before the DOE or any other federal agency.

IV. **BACKGROUND**

In this application, Chevron requests blanket authorization to export previously-imported LNG from foreign sources. Chevron's request is based on its desire to optimize long-term capacity it has contracted for at the Sabine Pass LNG Terminal by responding effectively to periodic changes in domestic and world markets for natural gas and LNG. More specifically, Chevron desires the option to either: (i) export previously-imported LNG to other world markets; or (ii) regassify the imported LNG for sale in domestic markets. Chevron would base any decision related to the sale of imported LNG on prevailing market conditions.

Chevron does not intend to export any LNG when market conditions dictate that the LNG be used to meet domestic needs. Further, granting the blanket authorization to Chevron would

¹ *Cheniere Marketing, LLC*, FE10-31-LNG, DOE/FE Opinion and Order No. 2795 (June 1, 2010);

² *Freeport LNG Development, L.P.*, FE08-70-LNG, DOE/FE Opinion and Order Nos. 2644 (May 28, 2009), 2644-A (September 22, 2009), and 2644-B (May 11, 2010); and

ConocoPhillips Company, FE09-92-LNG, DOE/FE Opinion and Order No. 2731 (November 30, 2009).

assist Chevron in optimizing its long-term LNG terminal capacity, and would serve the public interest by encouraging future importation of LNG into the United States.

V. PUBLIC INTEREST STANDARD

Pursuant to Section 3 of the NGA, DOE/FE must authorize exports to a foreign country unless there is a finding that such exports “will not be consistent with the public interest.”³ Accordingly, Section 3 creates a statutory presumption in favor of approval of this properly framed export application.⁴ In evaluating an export application, DOE/FE applies the standards set forth in DOE Delegation Order No. 0204-111, which states that domestic need for natural gas shall be the primary focus of the DOE/FE when evaluating an export application.⁵ As detailed below, the blanket export authorization requested by Chevron satisfies the public interest standard of Section 3 of the NGA as construed by the DOE/FE.

A. There is No Domestic Reliance on the Imported LNG that Chevron would Export Pursuant to the Blanket Authorization Requested Herein.

DOE/FE evaluates a natural gas export application by analyzing the domestic impacts related to the loss of domestic natural gas to be exported. If the blanket authorization is being sought to export previously-imported (non-domestic) LNG, the DOE/FE concludes that the “fundamental question, therefore, remains whether the LNG which [the applicant] seeks to export is needed to meet domestic demand.”⁶

In June 2010, DOE/FE granted Cheniere Marketing LLC (“Cheniere”) blanket authorization to export up to 500 Bcf of previously-imported LNG. DOE/FE concluded that “the

³ 15.U.S.C. § 717b(a).

⁴ See *Phillips Alaska Natural Gas Corp. and Marathon Oil Co.*, DOE/FE Opinion and Order No. 1473, 2 FE ¶70,317 at p. 13, n. 42 (April 2, 1999), citing *Panhandle Producers and Royalty Owners Association v. ERA*, 822 F.2d 1105, 1111 (DC Cir. 1987).

⁵ See *id.* at p. 14

⁶ Order No. 2795 at p. 7.

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 which Cheniere seeks to export through the authorization timeframe.”⁷ DOE/FE reached the same conclusion for the ConocoPhillips Company (“ConocoPhillips”) proceeding granting ConocoPhillips blanket authorization to export 500 Bcf of previously-imported LNG.⁸

In the Cheniere proceeding, the DOE/FE further based its conclusion on data prepared by the Energy Information Administration (“EIA”), which it summarized as follows:

DOE’s review of domestic natural gas market data in 2009 versus 2007 shows an increase in domestic dry gas production, a slight decrease in domestic demand, and a decrease in both total LNG imports and net natural gas imports. Specifically, a comparison of 2009 natural gas supply and demand data show that the United States dry natural gas production increased TO 21.0 Tcf IN 2009 from 19.3 Tcf in 2007, imported LNG decreased from 771 Bcf of LNG during 2007 to 452 Bcf during 2009, while net imports of all natural gas decreased from 3.8 Tcf in 2007 to 2.7 Tcf in 2009. Total consumption declined from 23.1 Tcf in 2007 to 22.8 in 2009. In addition, FE reviewed natural gas prices and price trends in which the average calendar year 2008 city-gate price was \$9.18 per Mcf. This price declined to \$6.47 per Mcf in calendar year 2009.⁹

More recently, the city-gate price of natural gas in the domestic market decreased further to \$6.38 per Mcf.¹⁰ The 72 Bcf of previously-imported LNG for which Chevron seeks blanket authorization to export herein is not needed to meet domestic demand.

B. Granting the Blanket Export Authorization would Encourage the Importation of LNG into the U.S.A.

Granting the blanket export authorization requested herein would encourage the importation of LNG into the U.S.A. by Chevron by providing Chevron the option, based on

⁷ See *Id* at p. 11.

⁸ Order No. 2731 at p. 11

⁹ Order No. 2795 at p. 8.

¹⁰ “Selected National Average Natural Gas Prices, 2005-2010,” Table 3, Natural Gas Monthly, (EIA, August 2010) at http://www.eia.gov/pub/oil_gas/natural_gas/data_publications/natural_gas_monthly/current/pdf/ngm_all.pdf.

prevailing market conditions, to either: (i) export previously-imported LNG to other world markets, or (ii) regassify the imported LNG for sale in domestic markets. Accordingly, the blanket authorization would encourage Chevron to purchase spot-market LNG cargoes for import into the U.S.A., and would make more gas available to the domestic market if it were needed.

C. Granting the Blanket Export Authorization Would Not Reduce Domestically-Produced Natural Gas Supplies.

Chevron is only seeking the authority to export previously-imported LNG. Chevron is not seeking the authority to export domestically-produced natural gas supplies. Thus, Chevron's request for blanket authorization herein will not reduce domestically-produced natural gas supplies.

VI. ENVIRONMENTAL IMPACT

No modifications to the Sabine Pass LNG Terminal are required to enable the LNG exports requested by Chevron. Therefore, granting this application would not be a federal action significantly affecting the human environment under the National Environmental Policy Act, 42 U.S.C. §4231, *et seq.* Consequently, no environmental impact statement or environmental assessment is required.

VII. APPENDICES

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

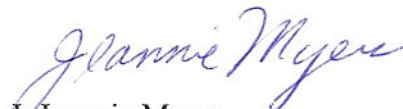
Appendix A: Verification.

Appendix B: Opinion of Counsel.

VIII. CONCLUSION

For the reasons set forth above, Chevron respectfully requests that the DOE/FE issue an order granting Chevron a two-year blanket authorization to export up to approximately 72 billion cubic feet ("Bcf"), on a cumulative basis, of previously-imported liquefied natural gas ("LNG") from foreign sources, to any country with the capacity to import LNG via ocean-going carrier and with which trade is not prohibited by Federal law or policy.

Respectfully submitted,



J. Jeannie Myers
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Houston, TX. 77002
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APPENDIX A
VERIFICATION

VERIFICATION

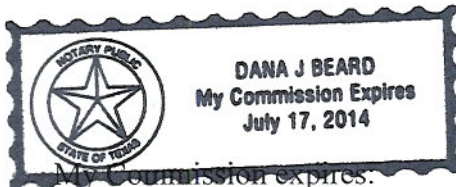
County of Harris)
)
State of Texas)

I, Anthony Gelotti, being duly sworn on his oath, does hereby depose and say that I am a Vice-President of Chevron Global Gas, a division of Chevron U.S.A. Inc.; that I am familiar with the contents of the foregoing application; and that the matters set forth therein are true and correct to the best of my knowledge, information and belief.



Anthony Gelotti

Sworn to and subscribed before me, a Notary Public, in and for the State of Texas, this 9th day of September, 2010.





Notary Public

APPENDIX B
OPINION OF COUNSEL



Global Gas

Jeannie Myers
Senior Counsel

Negotiations & Legal
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September 9, 2010

Office of Fuels Program
Fossil Energy, U.S. Department of Energy
FE-34
P.O. Box 44375
Washington, DC 20026-4375

Dear Sir or Madam:

This opinion of counsel is provided in accordance with the requirements of Section 590.202(c) of the U.S. Department of Energy's regulations, 10 C.F.R. §590.202(c) (2009). I have examined the Amended and Restated Articles of Incorporation of Chevron U.S.A. Inc. and other authorities as necessary, and have concluded that the proposed exportation of liquefied natural gas from the United States as described in the application made by Chevron U.S.A. Inc. to which this Opinion of Counsel is attached as Appendix B is within the corporate powers of Chevron U.S.A. Inc.

Respectfully submitted,

A handwritten signature in blue ink that reads "Jeannie Myers".

J. Jeannie Myers,
Senior Counsel,
Chevron Global Gas, a division of Chevron. U.S.A. Inc.