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August 22, 2011

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



**Re: ConocoPhillips Company, Docket No. 11-109-LNG  
Application for Blanket Authorization to Export Liquefied Natural  
Gas on a Short-Term Basis**

Dear Mr. Anderson:

Pursuant to Section 3 of the Natural Gas Act, 15 U.S.C. § 717b, and Part 590 of the regulations of the Department of Energy, 10 C.F.R. Part 590 (2011), ConocoPhillips Company hereby files an original and fifteen (15) copies of its Application for Blanket Authorization to Export Liquefied Natural Gas on a Short-Term Basis. An electronic copy of the application is also provided on the enclosed compact disk. A check in the amount of \$50 is being provided under separate cover as the filing fee stipulated by 10 C.F.R. § 590.207 (2011). I have enclosed four (4) extra copies of the application to be date-time stamped and returned to our messenger.

Thank you for your attention to this matter. If you have any questions regarding this filing, please contact the undersigned at (202) 429-8801.

Respectfully submitted,

Douglas F. John  
Attorney for ConocoPhillips Company

Enclosures

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY



In the Matter of: )  
)  
CONOCOPHILLIPS COMPANY )  
)

Docket No. 11-107-LNG

APPLICATION OF CONOCOPHILLIPS COMPANY  
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 (2011), ConocoPhillips Company (“ConocoPhillips”) hereby submits this application to the Office of Fossil Energy (“FE”) for an order granting it blanket authorization to export liquefied natural gas (“LNG”) that previously had been imported to the United States (“U.S.”) from foreign sources in an amount up the equivalent of 500 billion cubic feet (“Bcf”) of natural gas on a cumulative basis for a two-year period commencing on November 30, 2011, which, as explained below, is the date following the date upon which ConocoPhillips’ current LNG re-export authorization is scheduled to expire. ConocoPhillips seeks authorization to export this volume of LNG on a short-term basis or spot market basis from LNG terminal facilities owned by Freeport LNG Development, L.P. (“Freeport LNG”) on Quintana Island, Texas 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. Good cause exists to grant the requested authorization for the reasons set forth below.

**I. DESCRIPTION OF APPLICANT**

The exact legal name of applicant is ConocoPhillips Company. ConocoPhillips is a Delaware corporation with its executive offices located at 600 North Dairy Ashford, Houston,

Texas, 77079. As discussed below, ConocoPhillips is an independent producer and seller of natural gas that imports LNG into the U.S. and exports foreign-sourced LNG from the U.S.

## **II. COMMUNICATIONS**

Communications and correspondence concerning this filing should be directed to the following:

Catherine R. Abercrombie  
Director of Regulatory Affairs  
ConocoPhillips Company  
600 North Dairy Ashford  
CH-01-1030C  
Houston, TX 77079  
Phone: (281) 293-1094  
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Pursuant to the requirements of 10 C.F.R. § 90.103(a) (2011), ConocoPhillips hereby certifies that the persons listed above and undersigned are its duly authorized representatives.

## **III. AUTHORIZATION REQUESTED**

ConocoPhillips requests blanket authorization to export previously-imported LNG on a short-term or spot market basis up to the equivalent of 500 Bcf of natural gas cumulatively over a two-year period commencing on November 30, 2011. ConocoPhillips further requests that such authorization extend to LNG supplies imported from foreign sources to which ConocoPhillips holds title, as well as to LNG supplies imported from foreign sources that ConocoPhillips may export on behalf of other entities who themselves hold title.<sup>1</sup> ConocoPhillips will not export LNG to those countries with which trade is prohibited by Federal law or policy. There are no other proceedings related to this application currently pending before DOE or any other federal agency.

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<sup>1</sup> ConocoPhillips is aware that DOE/FE has adopted a more extensive policy for authorizing a permit holder to act as agent for third-parties since issuance of its current LNG re-export authorization. *See Freepport LNG Expansion, L.P. and FLNG Liquefaction, LLC*, DOE/FE Order No. 2913 (Feb. 10, 2011). ConocoPhillips is willing to abide by DOE/FE's currently-applicable agency rights standards.



ConocoPhillips does not herein seek authorization to export domestically-produced LNG. ConocoPhillips only seeks renewed authorization to export LNG that has been previously imported into the U.S. from foreign sources.

#### **IV. BACKGROUND**

In Order No. 2673, DOE/FE granted ConocoPhillips blanket authorization to import LNG in a total amount up to the equivalent of 500 Bcf of natural gas during a two-year period commencing on August 30, 2009.<sup>2</sup> More recently, DOE/FE issued Order No. 2978, which authorizes ConocoPhillips to export LNG to Canada and Mexico by vessel, and to import LNG from various international sources by vessel, up to a combined total of the equivalent of 500 Bcf of natural gas pursuant to transactions that have terms of no longer than two years.<sup>3</sup> That authorization is effective for a two-year term commencing on August 30, 2011 and extending through August 29, 2013.

On November 30, 2009, DOE/FE issued Order No. 2731, which granted ConocoPhillips authorization to export LNG that previously had been imported from foreign sources in an amount up to the equivalent of 500 Bcf of natural gas on a cumulative basis over a two-year period commencing on the date of the authorization.<sup>4</sup> This currently-effective authorization permits ConocoPhillips to export such LNG on a short-term or spot market basis from terminal facilities owned by Freeport LNG on Quintana Island, Texas to the United Kingdom, Belgium, Spain, Portugal, Turkey, Brazil, Argentina, Chile, Mexico, the Dominican Republic, Japan, South Korea, India, China, Taiwan, France and/or Italy, as well as any country with the facility

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<sup>2</sup> *ConocoPhillips Co.*, FE09-63-LNG, DOE/FE Order No. 2673 (Jul. 24, 2009). ConocoPhillips was previously granted blanket authorization to import liquefied natural gas from various international sources in DOE/FE Order No. 2394 on August 30, 2007, which extended through August 29, 2009.

<sup>3</sup> *ConocoPhillips Co.*, FE11-78-LNG, DOE/FE Order No. 2978 (Jul. 8, 2011).

<sup>4</sup> *ConocoPhillips Co.*, FE09-92-LNG, DOE/FE Order No. 2731 (Nov. 30, 2009).

to import ocean-going LNG and with which trade is not prohibited by U.S. law or policy, during a two-year period from November 30, 2009 through November 29, 2011.

In the instant application, ConocoPhillips seeks to renew its blanket authorization to export LNG previously imported into the U.S. from foreign sources from the Freeport LNG terminal facilities. ConocoPhillips' interest in securing this blanket authorization is driven by its desire to continue to utilize and optimize the long-term LNG terminalling capacity for which it has contracted at Freeport LNG and its need for flexibility to respond to periodic changes in domestic and world markets for natural gas and LNG. Specifically, once LNG has been imported into the U.S. and is in storage at the Freeport LNG import terminal, ConocoPhillips desires the flexibility either to export the imported LNG to other world markets or to have LNG regassified for sale into domestic markets, with this decision based primarily on prevailing market conditions. As explained below, the blanket export authorization requested by ConocoPhillips is not inconsistent with the public interest because the LNG to be exported by ConocoPhillips is not needed to meet domestic needs and granting the blanket export authorization will provide other benefits.

## **V. PUBLIC INTEREST STANDARD**

### **A. Standard of Review.**

Under Section 3 of the NGA, as amended by Section 201 of the Energy Policy Act of 1992, DOE/FE must authorize exports from the U.S. to a foreign country unless there is a finding that the export "will not be consistent with the public interest."<sup>5</sup> DOE/FE has further found that Section 3 of the NGA creates a statutory presumption in favor of approval of a properly-framed

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<sup>5</sup> 15 U.S.C. § 717b(a). Natural gas is defined to include LNG in 10 C.F.R. § 590.102(i) (2011).

export application,<sup>6</sup> and that the public interest determination is guided by DOE Delegation Order No. 0204-111, which provides that domestic need for natural gas is the principal factor to be considered when evaluating an export application.<sup>7</sup> As explained below, the blanket export authorization requested by ConocoPhillips satisfies this public interest standard.

**B. There is No Domestic Need for the LNG to be Exported by ConocoPhillips.**

DOE/FE's evaluation of natural gas export applications typically involves an analysis of the domestic impacts that would result from the loss of domestic natural gas that is exported. DOE/FE has explained the applicability of this analysis to the export of previously-imported LNG as follows:

The instant application involves a request for authorization to export LNG that was not produced in the United States. Accordingly, exporting the gas necessarily could not reduce the availability of domestically produced gas. On the other hand, exporting previously imported LNG will still affect the domestic market because, for a two-year period, the exports will reduce the volume of natural gas potentially available for domestic consumption.<sup>8</sup>

In recent years, DOE/FE has issued a number of blanket authorizations to export previously-imported LNG, including the one issued to ConocoPhillips in Order No. 2731, finding that such LNG is not needed to meet domestic demand for natural gas.<sup>9</sup>

On July 19, 2011, DOE/FE issued Order No. 2986 which renewed Freeport LNG's authorization to export previously-imported LNG from the terminal facilities on Quintana Island, Texas. In the order, DOE/FE also took administrative notice that a review of the most recent data and analysis prepared by the Energy Information Administration ("EIA") within DOE

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<sup>6</sup> 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 (Apr. 2, 1999), citing *Panhandle Producers and Royalty Owners Association v. ERA*, 822 F.2d 1105, 1111 (DC Cir. 1987).

<sup>7</sup> See *id.* at p. 14.

<sup>8</sup> *Freeport LNG Development, L.P.*, DOE/FE Order No. 2986 at p. 6 (Jul. 19, 2011).

<sup>9</sup> See, e.g., *ENI USA Gas Marketing LLC*, DOE/FE Order No. 2923 (Mar. 3, 2011); *Sempra Marketing, LLC*, DOE/FE Order No. 2885 (Dec. 3, 2010); *Cheniere Marketing, LLC*, DOE/FE Order No. 2795 (Jun. 1, 2010).



shows an increasing volume of shale gas production compared to the data and projections referenced in *Dow Chemical Company*, DOE/FE Order No. 2859 (Oct. 5, 2010) (“*Dow Chemical*”).<sup>10</sup> Specifically, DOE/FE stated that EIA indicates that domestic shale gas production increased to 3.1 trillion cubic feet (“Tcf”) in 2009 compared to 2.1 Tcf and 1.3 Tcf in 2008 and 2007, respectively.<sup>11</sup> DOE/FE also stated that, in the *Annual Energy Outlook 2011*, EIA projects that, by 2015, shale gas production is projected to increase to 7.2 Tcf compared to the 3.85 Tcf for 2015 in the *Annual Energy Outlook 2010* referenced in its *Dow Chemical* order.<sup>12</sup> DOE/FE therefore concluded that, “the evidence of record indicates that United States consumers continue to have access to substantial quantities of natural gas sufficient to meet domestic demand from multiple other sources at competitive prices without drawing on the LNG which Freeport LNG seeks to export.”<sup>13</sup> This record of evidence also supports the conclusion that the foreign-sourced LNG that ConocoPhillips may export from the Freeport LNG terminal facilities pursuant to the blanket authorization requested herein are not needed to meet domestic demand.

**B. Other Benefits.**

As indicated in the monthly reports filed with DOE/FE pursuant to Order No. 2731, ConocoPhillips has used its currently-effective blanket authorization to export previously-imported LNG from the U.S. The blanket export authorization has also facilitated the importation of LNG cargos into the U.S. by ConocoPhillips by enabling it to import LNG cargos into the U.S. without fear that such cargos will become captive to the U.S. market if, in ConocoPhillips’s view, market conditions ultimately do not support delivering regasified LNG

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<sup>10</sup> DOE/FE Order No. 2986 at p 7.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

into the U.S. market. ConocoPhillips has also sold LNG to Freeport LNG to replace boil off, thereby contributing to the operational stability of the Freeport LNG terminal facilities.

## **VI. ENVIRONMENTAL IMPACT**

The requested export authorization does not raise any environmental concerns. No new facilities or modification to any existing facilities at Freeport LNG's Quintana Island terminal would be required in order for ConocoPhillips to continue to export LNG from the terminal. The environmental impacts of permitting the exportation of LNG from Freeport LNG's Quintana Island terminal facilities were already reviewed by DOE/FE in Order No. 2644.<sup>14</sup> The DOE/FE has also previously found that the export of LNG by ConocoPhillips from the Freeport LNG terminal facilities will have no additional environmental impact.<sup>15</sup>

## **VII. APPENDICES**

The following appendices are attached hereto:

Appendix A: Verification

Appendix B: Opinion of Counsel

## **VIII. CONCLUSION**

For the reasons set forth above, ConocoPhillips respectfully requests that DOE/FE issue an order granting ConocoPhillips blanket authorization for a two-year period commencing on November 30, 2011 to engage in short-term exports of previously-imported LNG up the equivalent of 500 Bcf of natural gas on a cumulative basis from Freeport LNG's terminal facilities on Quintana Island, Texas to any country with which such trade is not prohibited by Federal law or policy.

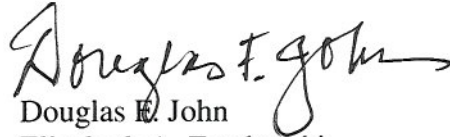
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<sup>14</sup> See also DOE/FE Order No. 2986 at p. 9, n. 14.

<sup>15</sup> DOE/FE Order No. 2731 at p. 11.



Respectfully submitted,

A handwritten signature in black ink that reads "Douglas E. John". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Douglas E. John

Elizabeth A. Zembruski

JOHN & HENGERER

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Suite 600

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Counsel for ConocoPhillips Company

August 22, 2011

# **Appendix A**

## **Verification**

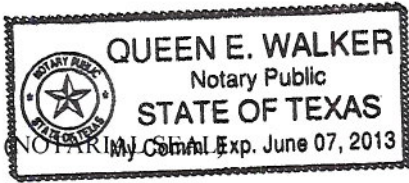
VERIFICATION


County of Harris     )  
                                  )  
State of Texas        )

I, Tony C. Marion, being duly sworn on his oath, does hereby depose and say that I am LNG Commercial Development Manager, ConocoPhillips Company; 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.

  
\_\_\_\_\_  
Tony C. Marion

Sworn to and subscribed before me, a Notary Public, in and for the State of Texas, this 19<sup>th</sup> day of August, 2011.



  
\_\_\_\_\_  
Notary Public

My Commission Expires: June 7, 2013



## **Appendix B**

### **Opinion of Counsel**

**CONOCOPHILLIPS COMPANY**  
600 North Dairy Ashford  
Houston, Texas 77079

August 18, 2011

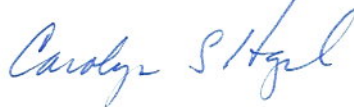
Office of Fuels Program  
Fossil Energy, U.S. Department of Energy  
Docket Room 3F-056, FE 50  
Forrestal Building  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

Re: ConocoPhillips Company  
Application for 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. Department of Energy's regulations, 10 C.F.R. § 590.202(c) (2011). I have examined the Certificate of Incorporation of ConocoPhillips Company and other authorities as necessary, and have concluded that the proposed exportation of liquefied natural gas by ConocoPhillips Company is within its corporate powers. Further, ConocoPhillips Company is authorized to do business in Texas and other U.S. states and to engage in foreign commerce.

Respectfully submitted,



Carolyn S. Hazel