

ORIGINAL



**Dominion Cove Point LNG, LP**  
701 East Cary Street, Richmond, VA 23219

September 1, 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: Dominion Cove Point LNG, LP  
FE Docket No. 11-115-LNG  
Application for Long-Term Authorization to Export LNG  
To Free Trade Agreement Countries

Dear Mr. Anderson:

Dominion Cove Point LNG, LP (DCP) hereby submits for filing, with the U.S. Department of Energy, Office of Fossil Energy (DOE/FE), one original and three copies of its application for long-term authorization to export liquefied natural gas (LNG). DCP is seeking long-term, multi-contract authority to export domestically produced LNG of up to the equivalent of approximately 1 billion cubic feet of natural gas per day or approximately 7.82 million metric tons per annum at its Cove Point LNG Terminal located in Calvert County, Maryland over a twenty-five year period. The requested export authority would permit DCP as an agent for others to export LNG to any country which has or in the future develops the capacity to import LNG via ocean-going carrier and with which the United States has, or in the future will have, a Free Trade Agreement. As stipulated by 10 C.F.R. § 590.207, a check for the filing fee in the amount of \$50.00 is enclosed.

Pursuant to 10 C.F.R. § 590.103(b), a certified statement that the signatory is a duly authorized representative is attached in Appendix B.

If you have any questions, please contact Amanda Prestage at 804-771-4416.

Respectfully submitted,

*/s/ Matthew R. Bley*

Matthew R. Bley  
Authorized Representative of  
Dominion Cove Point LNG Company, LLC,  
The General Partner of Dominion Cove Point LNG, LP  
Tel: (804) 771-4399  
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**UNITED STATES OF AMERICA  
BEFORE THE DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY**

**In the Matter of**

**DOMINION COVE POINT LNG, LP**

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**FE Docket No.  
11 - 115 - LNG**

**APPLICATION OF DOMINION COVE POINT LNG, LP FOR  
LONG-TERM AUTHORIZATION TO  
EXPORT LNG TO FREE TRADE AGREEMENT COUNTRIES**

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Filed: September 1, 2011

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LONG-TERM AUTHORIZATION TO  
EXPORT LNG TO FREE TRADE AGREEMENT COUNTRIES**

Pursuant to Section 3 of the Natural Gas Act (NGA) 1/ and Part 590 of the Department of Energy's (DOE) regulations 2/, Dominion Cove Point LNG, LP (DCP) hereby files this application (Application) with the DOE, Office of Fossil Energy (DOE/FE) for long-term, multi-contract authorization to engage in exports of domestically produced liquefied natural gas (LNG) of up to the equivalent of approximately 1 billion cubic feet of natural gas per day, or approximately 7.82 million metric tons per annum (mtpa). DCP requests authorization to export the LNG over a twenty-five year term commencing on the date of the first LNG export or six years from the date that the authorization is issued, whichever is sooner. DCP proposes to export LNG from its existing LNG terminal ("Cove Point LNG Terminal" or "LNG Terminal") located in Calvert County, Maryland to any country which has or in the future develops the capacity to import LNG via ocean-going carrier and with which the United States (U.S.) has, or in the future enters into, a Free Trade Agreement (FTA) requiring the national treatment for

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1/ 15 U.S.C. § 717 (b).

2/ 10 C.F.R. Part 590 (2011).

trade in natural gas. <sup>3/</sup> DCP is requesting this authorization to act as agent on behalf of other entities who themselves hold title to the LNG, after registering each such entity with DOE/FE.

This application represents the first part of DCP's planned two part request for authorization to export domestic natural gas in the form of LNG from its LNG Terminal. DCP will file a separate application, in the near future, with the DOE/FE requesting long-term, multi-contract authorization to export domestically produced LNG to any country (1) with which the United States does not have an FTA requiring national treatment for trade in natural gas, (2) which has or in the future develops the capacity to import LNG via ocean-going carrier, and (3) with which trade is not prohibited by U.S. law or policy. DCP's non-FTA application will require an analysis of the public interest by the DOE/FE before an order is issued, and DCP will provide additional evidence relevant to the public interest in that application.

This Application, which requests authorization to export LNG only to countries with which the U.S. has or enters into an FTA requiring national treatment in gas, will be reviewed pursuant to the standards established in the Energy Policy Act of 1992. Section 3(c) of the NGA, as amended by § 201 of the Energy Policy Act of 1992, requires that applications like this one to authorize exports of natural gas, including LNG, to a nation with which there is in effect a free trade agreement requiring national treatment for trade of natural gas be "deemed to be consistent with the public interest" and "granted without modification or delay." <sup>4/</sup>

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<sup>3/</sup> The U.S. currently has FTAs requiring national treatment for trade in natural gas with Australia, Bahrain, Canada, Chile, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Nicaragua, Mexico, Morocco, Oman, Peru and Singapore. DCP notes, as DOE/FE has in prior orders, that existing FTAs with Costa Rica and Israel do not provide for national treatment in natural gas. DCP expressly requests that its authorization include any countries with which the U.S. enters into appropriate FTAs in the future, and notes that Congressional approval is currently pending on FTAs with Columbia, Panama, and South Korea. The authorization would apply to any additional nation which DOE subsequently identifies publicly as having entered into a free trade agreement providing for national treatment for trade in natural gas, provided that the destination nation has the capacity to import LNG.

<sup>4/</sup> 15 U.S.C. § 717b(c) (2011). ("For purposes of [15 U.S.C. § 717b(a)] of this section, the importation of the natural gas referred to in [15 U.S.C. § 717b(b)] of this section, or the exportation of natural gas to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas, shall be deemed to be consistent with the public interest, and applications for such importation or exportation shall be granted without modification or delay.")

In support of this Application, DCP respectfully shows as follows:

**I. DESCRIPTION OF THE APPLICANT**

The exact legal name of DCP is Dominion Cove Point LNG, LP. DCP is a limited partnership organized and existing under the laws of the State of Delaware with its principal place of business at 2100 Cove Point Road, Lusby, Maryland, 20657, and offices at 701 East Cary Street, Richmond, Virginia, 23219. DCP currently owns the Cove Point LNG Terminal. DCP is a subsidiary of Dominion Resources, Inc. ("DRI"), one of the nation's largest producers and transporters of energy. DRI is a corporation organized and existing under the laws of the Commonwealth of Virginia with its principal place of business at 100 Tredegar Street, Richmond, Virginia, 23219.

The Cove Point LNG Terminal is currently utilized for the import of LNG. The terminal has peak daily send-out capacity of 1.8 Bcf and on-site LNG storage capacity of the equivalent of 14.6 Bcf (or 678,900 cubic meters of LNG). The LNG Terminal is connected, via DCP's 88-mile gas pipeline, to the major Mid-Atlantic gas transmission systems of Transcontinental Gas Pipe Line Company, LLC ("Transco"), Columbia Gas Transmission, LLC ("Columbia") and Dominion Transmission, Inc. ("DTI"). DTI is an interstate gas transmission business unit of DRI.

**II. COMMUNICATIONS AND CORRESPONDENCE**

The names, titles and mailing addresses of the persons to whom correspondence and communications concerning this Application, including all service of pleadings and notices, are to be addressed are:

Matthew R. Bley  
Manager, Gas Transmission Certificates  
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701 East Cary Street  
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These persons are designated to receive service and should be placed on the official service list for this proceeding.

### **III. DESCRIPTION OF PROPOSAL**

DCP's request for authorization here is part of its plan to develop, own and operate facilities at its existing LNG Terminal to liquefy domestically produced natural gas and to load the resulting LNG onto tankers for export to foreign markets. DCP's liquefaction project will be integrated with some existing facilities at the LNG Terminal and new the new facilities to be constructed. Domestic gas can be delivered to the LNG Terminal through DCP's existing pipeline, which is bi-directional allowing gas to flow both away from and toward the Terminal. In addition, much of DCP's existing facilities will be used as part of the liquefaction project. Existing facilities that may be utilized include the off-shore pier (with two berths), insulated LNG and gas piping from the pier to the on-shore LNG Terminal and within the Terminal facility, the seven LNG storage tanks, on-site power generation, and control systems. In addition, DCP will

construct new facilities to liquefy natural gas delivered to the LNG Terminal through the Cove Point Pipeline for export. The new facilities will be located on land already owned by DCP (which encompasses more than 1000 acres). DCP currently anticipates placing its liquefaction project in service by the end of 2016.

DCP requests long-term, multi-contract authorization for the exportation of domestically produced LNG for a term of twenty-five years commencing on the date of the first LNG export or six years from the date that the authorization is issued, whichever is sooner. <sup>5/</sup> DCP proposes to engage in the exportation of LNG of up to the equivalent of 1 billion cubic feet of natural gas per day, or approximately 7.82 million metric tons per annum (mtpa) of LNG. <sup>6/</sup> DCP is seeking authorization here to export LNG to any country which has or in the future develops the capacity to import LNG via ocean-going carrier and with which the U.S. has, or in the future enters into, an FTA. DOE/FE has issued similar authorizations for the export to FTA nations for other existing LNG terminals that are developing plans to export LNG. <sup>7/</sup>

DCP anticipates entering into one or more long-term (more than two years and up to 25 years) contractual agreements with customers for natural gas liquefaction and LNG export

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<sup>5/</sup> In prior orders approving LNG exports to FTA countries, DOE/FE has provided for the authorization to commence on the date of first exports not to exceed ten years (Sabine Pass and Lake Charles) or five years (Freeport) from the date that authorization is issued. DCP anticipates commencing exports by the end of 2016, but proposes that the requested authorization commence within six years of the date of authorization to allow for some potential delay in that schedule.

<sup>6/</sup> Section 590.202(b)(1) of the DOE's regulations requires that applications for export or import authority set forth "the volumes of natural gas involved, expressed either in Mcf or Bcf and their Bcf equivalents." In recent orders authorizing LNG exports to FTA countries, DOE/FE has authorized levels set forth in Bcf of natural gas. *Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC*, FE10-160-LNG, DOE Opinion and Order No. 2913 (Feb. 10, 2011); *Lake Charles Exports, LLC*, FE11-59-LNG, DOE Opinion and Order 2987 (July 22, 2011). DCP similarly requests authorization for the amount of natural gas of up to 1 Bcf per day. For purposes of LNG measurement, DCP has utilized here a conversion factor of [46.675] Bcf per metric ton of LNG but the actual conversion factor will depend on the composition of the natural gas.

<sup>7/</sup> *Sabine Pas Liquefaction, LLC*, FE10-85-LNG, DOE Opinion and Order No. 2833 (Sept. 7, 2010); *Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC*, FE10-160-LNG, DOE Opinion and Order No. 2913 (Feb. 10, 2011); *Lake Charles Exports, LLC*, FE11-59-LNG, DOE Opinion and Order 2987 (July 22, 2011).

services on a date that is closer to the start of export operations. These contracts will provide for DCP to provide a service to its customers of liquefying natural gas and loading it onto LNG tankers at the Terminal for export, and may also include rights for the customers to import LNG for vaporization and send-out as regasified LNG in to the domestic market, when desired by the customers. Long-term authorization by DOE/FE to export LNG is required to attract potential customers in order to execute the anticipated long-term agreements.

DCP does not intend to hold title to the LNG itself and is requesting authorization to act as agent on behalf of other entities who themselves hold title to the LNG. Consistent with the terms for an LNG terminal operator receiving export authorization in its role as agent for others established by DOE/FE in *Freeport LNG Development, LP*, FE 11-51-LNG, DOE/FE Order No. 2986 (July 19, 2011), DCP will register each LNG title holder for whom DCP seeks to export LNG with DOE/FE. Consistent with that order, the registration will include a written statement by the title holder acknowledging and agreeing to comply with all applicable requirements included in DCP's export authorization and to include those requirements in any subsequent purchase or sale agreement entered into for the exported LNG by that title holder. DCP also will file under seal with DOE/FE any relevant long-term commercial agreements that it enters into with LNG title holders on whose behalf the exports will be performed, consistent with the prior orders. As DOE/FE has recognized, this registration process is responsive to current LNG markets and provides an expedited process by which companies seeking to export LNG can so do. <sup>8/</sup>

DCP respectfully requests the DOE/FE grant this application pursuant to NGA Section 3(a) and the applicable delegations and redelegations of authority. <sup>9/</sup> As noted at the outset,

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<sup>8/</sup> *Freeport LNG Development, L.P.*, FE11-51-LNG, DOE Opinion and Order Nos. 2986 at pages 7-8 (July 19, 2011); see also *Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC*, FE10-160-LNG, DOE Opinion and Order Nos. 2913 at pages 7-8 (July 19, 2011).

<sup>9/</sup> The authority to regulate the imports and exports of natural gas, including LNG, under NGA Section 3 has been delegated to the Assistant Secretary for Fossil Energy in Redelegation Order No. 00-002.04E issued on April 29, 2011.



by statutory mandate, this application to export LNG to free-trade countries must be deemed to be consistent with the public interest and granted without modification or delay. In addition, DOE/FE has found that the statutory requirement for granting such applications without delay or modification overrides otherwise applicable regulatory requirements for public notice and other procedures set forth in 10 C.F.R. Part 590. <sup>10/</sup>

Given the mandatory standard of NGA Section 3(a), DOE/FE is not required to engage in any analysis of factors affecting the public interest in acting on this application, and has not done so when approving similar applications by other terminals to export LNG to FTA countries. DCP notes, however, that DOE/FE has recognized the public interest support for LNG exports. In particular, DOE has taken notice of the Energy Information Administration's (EIA's) most recent projections of increasing gas production in the *Annual Energy Outlook 2011*. In addition, there is a strong emergence of non-conventional production from shale gas and coal bed methane. A review of the most recent data and analysis prepared by the EIA within DOE highlighted the dramatically increasing volumes of shale gas production compared to the earlier data and projections referenced.

DCP plans to export domestically produced natural gas delivered from the interstate pipeline grid and sourced from both conventional and non-conventional production. The Cove Point LNG Terminal is ideally located to provide access to a wide range of domestic supply sources. DCP's connection through its own pipeline with the interstate pipeline systems of Transco, Columbia and DTI provides access to abundant and diverse domestic supplies. Many of the major gas pipelines in the Northeastern US are already feeling the effects of growing natural gas production from the Marcellus Shale (one of the largest shale plays, with among the

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<sup>10/</sup> Sabine Pas Liquefaction, LLC, FE10-85-LNG, DOE Opinion and Order No. 2833 at note 8 (Sept. 7, 2010); Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC, FE10-160-LNG, DOE Opinion and Order No. 2913 at note 6 (Feb. 10, 2011); Lake Charles Exports, LLC, FE11-59-LNG, DOE Opinion and Order 2987 at note 3 (July 22, 2011).

lowest development costs) as well as the Utica Shale, another promising shale play. The pipeline industry in this area has recently experienced a surge in pipeline expansions as the gas producers look for ways to get their gas to markets. With export authorization, DCP would be able to provide an additional outlet for these growing domestic gas supplies. In addition, opportunities could be available to make more robust development of new natural gas resources, such as natural gas liquids (NGL) and oil resources that are also found in the shale formations. These new NGL and oil resources can increase domestic liquids production, improve the balance of trade, and reduce the need to import oil.

Once DCP has further developed its plans concerning the facilities to be constructed for its liquefaction project, DCP will request permission to commence the Federal Energy Regulatory Commission's (FERC's) mandatory pre-filing process under the National Environmental Policy Act (NEPA) and subsequently file an application for the necessary authorizations for the construction and operation of facilities to provide for the exportation of domestically produced LNG from the Cove Point LNG Terminal. DCP will be required to construct and modify certain facilities in order to liquefy domestically produced natural gas for storage and/or exportation to foreign markets. Following the approval of the liquefaction and export facilities, the Cove Point LNG Terminal will be operated as a bi-directional facility. The LNG Terminal will retain the capability to import LNG and vaporize it into natural gas for delivery into the domestic interstate pipeline network and also be capable of liquefying natural gas to export as LNG to foreign markets.

The authorization requested here, as a practical matter, will not be actionable until the FERC grants DCP authorization for the facilities needed for the liquefaction of natural gas and the export of LNG. DCP does not anticipate requesting FERC authorization within the time frame during which DOE/FE will act on this application. Accordingly, consistent with prior

orders by DOE/FE, the authorization requested here should be conditioned on DCP's receipt of FERC authorization for the export of LNG. 11/

#### **IV. ENVIRONMENTAL IMPACT**

As previously noted, in order to accommodate the proposed export activities, construction of new facilities at the Cove Point Terminal will be required. The facilities will be designed to minimize or mitigate any environmental or other adverse impacts. Therefore, the proposal does not constitute a major federal action significantly affecting the quality of the human environment, within the meaning of the National Environmental Policy Act (NEPA) of 1969 (42 U.S.C. 4321, *et seq.*).

DCP plans to file an application with the FERC for the necessary authorizations for facilities to allow for the liquefaction of domestically produced natural gas and export of LNG from the Cove Point LNG Terminal. An environmental review under NEPA will be completed by FERC prior to granting DCP authorization. The authorization requested here, as a practical matter, will not be actionable until the FERC grants DCP authorization. DCP requests that DOE/FE issue a conditional order authoring the export of LNG, conditioned on completion of the environmental review by FERC.

#### **V. APPENDICES**

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

Appendix A: Verification

Appendix B: Opinion of Counsel

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11/ *Sempra LNG Marketing, LLC*, FE10-110-LNG, DOE Opinion and Order No. 2885 at page 6 (Dec. 3, 2010).

## **VI. CONCLUSION**

Based on the reasons set forth above, DCP respectfully requests that the DOE/FE grant DCP authority for its proposal to engage in long-term, multi-contract exports of LNG that was domestically produced for a term of twenty-five years for up the equivalent of approximately 1 Bcf of natural gas per day (or approximately to 7.82 million mtpa) to any country which has or in the future develops the capacity to import LNG via ocean-going carrier and with which the U.S. has, or in the future enters into, an FTA requiring the national treatment for trade in natural gas. DCP respectfully requests that the DOE/FE grant such authority as expeditiously as possible.

Respectfully submitted,

*/s/ Matthew R. Bley*

Matthew R. Bley  
Authorized Representative of  
Dominion Cove Point LNG Company, LLC,  
The General Partner of Dominion Cove Point LNG, LP  
Tel: (804) 771-4399  
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Dated: September 1, 2011

Appendix A

**VERIFICATION**

STATE OF VIRGINIA )

) SS:

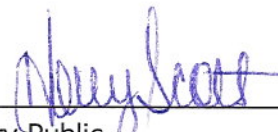
CITY OF RICHMOND )

Matthew R. Bley, being first duly sworn on his oath deposes and says: that he is Manager, Gas Transmission Certificates, Authorized Representative of Dominion Cove Point LNG Company, LLC, the General Partner of Dominion Cove Point LNG, LP.; that he is duly authorized to make this Verification; that he has read the foregoing submittal and is familiar with the contents thereof; that all the statements and matters contained therein are true and correct to the best of his information, knowledge and belief; and that he is authorized to execute and file the same with the U.S. Department of Energy.



Matthew R. Bley  
Manager, Gas Transmission Certificates

Sworn to and subscribed before me this 31<sup>st</sup> day of August, 2011



Notary Public  
In and For said City

My Commission Expires: February 29, 2012

Appendix B

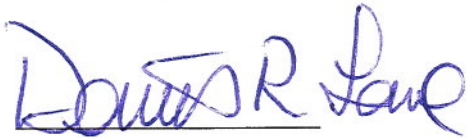
**OPINION OF COUNSEL**

### **Opinion of Counsel**

This opinion is submitted pursuant to 10 C.F.R. 590.202(c) of the Department of Energy administrative procedures. The undersigned is counsel to Dominion Cove Point LNG, LP.

I have reviewed the corporate documents and it is my opinion that the proposed export of domestically produced natural gas is within the company's corporate powers.

Respectfully submitted.

A handwritten signature in blue ink that reads "Dennis R. Lane". The signature is written in a cursive style and is positioned above a horizontal line.

Dennis R. Lane  
Deputy General Counsel