

September 22, 2011

By Email, Facsimile and U.S. Mail

larine.moore@hq.doe.gov

(202) 586-6050

Ms. Larine A. Moore
Docket Room Manager
FE-34
U.S. Department of Energy
PO Box 44375
Washington, D.C. 20026-4375

Re: Application of Jordan Cove Energy Project, L.P.
for Long-Term Authorization to Export Liquefied Natural Gas
to Free Trade Agreement Nations, FE Docket No. **11-127-LNG**

Dear Ms. Moore:

Please accept for filing the accompanying Application of Jordan Cove Energy Project, L.P. for Long-Term Authorization to Export Liquefied Natural Gas to Free Trade Agreement Nations (the "Application") that is being transmitted to you on this date by facsimile and email as indicated above. The Application is accompanied by a photocopy of a check in the amount of \$50.00, made payable to the U.S. Department of Treasury, for the filing fee.

On this date, the undersigned is mailing an original and three copies of the Application and the original check for the filing fee.

Please acknowledge receipt of this Application by email to darbyj@dicksteinshapiro.com. Should you have any questions, please do not hesitate to contact me at (202) 420-2745 or. Thank you for your assistance.

Sincerely,

/s/ Joan M. Darby

Joan M. Darby

RECEIVED

By Docket Room at 12:49 pm, Sep 22, 2011

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

In the Matter of:

JORDAN COVE ENERGY PROJECT, L.P.

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Docket No. 11-127-LNG

**APPLICATION FOR LONG-TERM AUTHORIZATION
TO EXPORT LIQUEFIED NATURAL GAS
TO FREE TRADE AGREEMENT NATIONS**

Communications regarding this application should be directed to:

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

In the Matter of:)
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JORDAN COVE ENERGY PROJECT, L.P.) **Docket No. 11-127-LNG**

**APPLICATION FOR LONG-TERM AUTHORIZATION
TO EXPORT LIQUEFIED NATURAL GAS
TO FREE TRADE AGREEMENT NATIONS**

Pursuant to Section 3 of the Natural Gas Act (NGA), 15 U.S.C. § 717b, and Part 590 of the regulations of the Department of Energy (DOE), 10 C.F.R. Part 590, Jordan Cove Energy Project, L.P. (Jordan Cove) requests that the DOE Office of Fossil Energy (DOE/FE) issue an order granting Jordan Cove long-term, multi-contract authorization to export up to nine million metric tons per annum (mtpa), up to a total of 270 million metric tons, of liquefied natural gas (LNG)¹ for a 30-year term commencing on the earlier of the date of first export or the date ten years from the date the requested authorization is granted.

By this application, Jordan Cove is seeking authorization to export from its proposed LNG terminal to be located on Coos Bay in the State of Oregon to any nation that currently has or that develops the capacity to import LNG via ocean-going carrier and with which the United States currently has, or in the future may enter into, a Free Trade Agreement (FTA) requiring national treatment for trade in natural gas and LNG.² Jordan Cove will file a separate application

¹ Nine million mtpa of LNG is equivalent to an average over the year of 1.2 billion cubic feet per day of natural gas or approximately 1,236,000 dekatherms per day of energy equivalent.

² The United States currently has FTAs requiring national treatment for trade in natural gas and LNG with Australia, Bahrain, Canada, Chile, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Peru and Singapore. As DOE/FE has noted in prior orders, existing FTAs with Costa Rica and Israel do not provide for such national

seeking authorization for LNG exports to those nations with which an FTA requiring national treatment for trade in natural gas and LNG is not in effect and to which the export of LNG by vessel is not prohibited by U.S. law or policy. While the latter application will require a public interest analysis by DOE/FE, under NGA § 3(c) as amended by § 201 of the Energy Policy Act of 1992, the present application concerning exports to only FTA nations is entitled to the statutory presumption that such exports are “deemed to be within the public interest” and is subject to the statutory imperative that such applications “shall be granted without modification or delay.” 15 U.S.C. § 717b(c).

I.
COMMUNICATIONS

Communications regarding this application should be directed to:

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treatment for trade in natural gas and LNG. Congressional approval is currently pending for FTAs with Columbia, Korea and Panama.

II. **APPLICANT**

The exact legal name of Jordan Cove is Jordan Cove Energy Project, L.P. Jordan Cove is a Delaware limited partnership authorized to do business in the State of Oregon. It is owned by Jordan Cove Energy Project L.L.C., a Delaware limited liability company, as general partner, Fort Chicago LNG II U.S.L.P., a Delaware limited partnership, as limited partner, and Energy Projects Development L.L.C., a Delaware limited partnership, as limited partner. Jordan Cove has its principal place of business at 125 Central Avenue, Suite 380, Coos Bay, OR 97420.

III. **PROJECT**

The Jordan Cove Project (Project) will use for the proposed exports the LNG terminal to be located on the North Spit of Coos Bay in Coos Bay County, Oregon. Jordan Cove's construction and operation of an LNG terminal at this location has already been authorized by the Federal Energy Regulatory Commission (FERC) as an import facility.³ Jordan Cove has developed modified plans for the terminal to also be an export facility. The terminal facilities already authorized by the FERC Order that will be used for exports include two 160 cubic meter LNG full-containment storage tanks, a single marine berth capable of accommodating LNG vessels up to Q-flex size, and on-site utilities and services. The modified plans include large diameter LNG piping configured for exports and electrically driven liquefaction equipment. The

³ *Pacific Connector Gas Pipeline, LP; Jordan Cove Energy Project, L.P.*, 129 FERC ¶61,234 (Dec. 17, 2009) (FERC Order). Rehearing requests of the FERC Order are currently pending before FERC.

Jordan Cove terminal will be connected to a new interstate pipeline natural gas pipeline, the Pacific Connector Gas Pipeline (PCGP), also certificated by the FERC Order.

Once DOE/FE has issued an order on this application, Jordan Cove will request that FERC's Office of Energy Projects commence the mandatory National Environmental Policy Act (NEPA) pre-filing review process for an application to amend its FERC authorization to add export facilities. Jordan Cove anticipates completing that process and filing its application to amend in mid-2012. Provided that FERC authorizes the export facilities by the end of 2013, Jordan Cove would be able to complete construction and commence export service in the third quarter of 2017.

IV.

REQUESTED AUTHORIZATION

Jordan Cove requests multi-contract authorization to export up to nine mtpa, up to a total of 270 million metric tons, of LNG by vessel to any nation that currently has or that develops the capacity to import LNG via ocean-going carrier and with which the United States currently has, or in the future may enter into, an FTA requiring national treatment for trade in natural gas and LNG. Jordan Cove requests that such authorization commence on the date of first export, with such first export to occur no later than ten years following the grant of the authorization requested by this application, and continue for a term of 30 years.

Jordan Cove is requesting this long-term, multi-contract authorization to engage in exports of LNG on its own behalf and as agent for third parties.

V.

EXPORT SOURCES

The source of natural gas supply for Jordan Cove's exports will be the North American natural gas market. Jordan Cove's terminal, via the PGCP, will be connected to the Northwest United States market hub at Malin, Oregon, providing interconnections with the interstate pipeline system grid, including GTN Pipeline, delivering gas from western Canada and, via its Stanfield interconnection with Northwest Pipeline, from the US Rockies; Ruby Pipeline, delivering gas from western Wyoming, northwestern Colorado and northern Utah; Tuscarora Pipeline, serving northern Nevada; and, PG&E Redwood Path, serving northern California.

VI.

COMMERCIAL ARRANGEMENTS

Jordan Cove's contemplated commercial arrangements will be in the form of Liquefaction Tolling Agreements (LTAs), under which an individual customer that holds title to natural gas will have the right to deliver that gas to Jordan Cove's terminal for liquefaction services and to receive LNG in exchange for a processing fee paid to Jordan Cove; the LTA customer will be responsible to source the feed gas for the facility. The LTA business model replaces the formerly conventional model of the terminal owner having long-term supply and export contracts and earning its return from the differential between the cost of gas purchased and the price of LNG sold. Under this new model, Jordan Cove will have the benefit of stable commercial arrangements. The decision whether to utilize liquefaction capacity will be made by

the LTA customer and driven by market economics: if the marginal cost of producing or purchasing natural gas, liquefying it, and transporting the resulting LNG to a destination market is higher than another competing source of supply in any month, the LTA customer may forego its nomination rights for that month. The result is that natural gas delivered to Jordan Cove for export should always be competitively priced relative to the broader market.

Jordan Cove has not yet entered into long-term LTAs or other commercial arrangements. Long-term export authorization is required to attract prospective LTA customers willing to make large-scale, long-term investments in LNG export arrangements; both are required to obtain necessary financing for the Jordan Cove Project, which will require significant capital expenditures on fixed assets. Jordan Cove is, however, currently engaged in commercial discussions with numerous end-user and North American gas producer counterparties and has entered into confidentiality agreements with at least ten of them. Jordan Cove anticipates that negotiations will be undertaken to enter into memoranda of understanding (MOUs) for the commitment to hold firm liquefaction capacity in the Project once prospective counterparties have conducted due diligence on the Project. When Jordan Cove has aggregated the serious prospective LTA customers, Jordan Cove will begin negotiating a binding LTA with each MOU counterparty (or a subset of that group if demand during the MOU stage exceeds capacity). Jordan Cove anticipates entering into definitive LTAs covering all of the ratable liquefaction capacity of the Project.

Jordan Cove contemplates that the title holder at the point of export may be an LTA customer or a party that purchases LNG from an LTA customer pursuant to a long-term contract. Jordan Cove is prepared to accept conditions on its authorization consistent with the conditions imposed in recent DOE/FE orders that have authorized applicants to export as agent for others

when not holding title to the LNG at the point of export.⁴ Specifically, Jordan Cove will undertake: (1) to file contracts associated with both the long-term supply of natural gas to the Jordan Cove terminal for processing into LNG for export and the long-term export of LNG from the Jordan Cove terminal within 30 days after their execution; (2) to include in any contract for the transfer of LNG exported under its authorization a provision by which the customer makes the necessary commitments to comply with the requirements imposed by DOE/FE in Jordan Cove's authorization, including to limit deliveries of exported LNG to authorized countries and to report on the countries of destination for actual deliveries; and, (3) to register with DOE/FE any title holder to exported LNG and to cause such title holder to provide all information and commitments required by DOE/FE, including its agreement to comply with destination restrictions and other requirements of Jordan Cove's authorization, to include DOE/FE requirements in any subsequent purchase or sale agreement entered into by that title holder, and to file long-term agreements associated with the supply of gas to or the export of LNG from the Jordan Cove terminal.

VII.

ENVIRONMENTAL IMPACT

FERC has found that the proposed Jordan Cove LNG import terminal is environmentally acceptable if constructed and operated in accordance with the environmental mitigation measures set forth in the FERC Order. The potential environmental impacts of the

⁴ *Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC*, DOE/FE Order No. 2913, FE Docket No. 10-160-LNG (Feb. 10, 2011); *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 2961, FE Docket No. 10-111-LNG (May 20, 2011); *Lake Charles Exports, LLC*, DOE/FE Order No. 2987, FE Docket No. 11-59-LNG (July 22, 2011).

terminal as modified to permit exports of LNG will be reviewed by FERC under NEPA when Jordan Cove's amended application is filed.

VIII.
APPENDICES

Appendix A: Opinion of Counsel

IX.
CONCLUSION

Jordan Cove respectfully requests that DOE/FE deem that Jordan Cove's proposed exportation of LNG to FTA nations is consistent with the public interest and grant, without modification or delay, Jordan Cove's request, as more fully described in this application, for long-term, multi-contract authorization to export, on its own behalf and as agent for others, to any nation that currently has or that develops the capacity to import LNG and with which the United States currently has, or in the future may enter into, an FTA, up to nine million mtpa, up to a total of 270 million metric tons, of LNG for a 30-year term commencing on the earlier of the date of first export or the date ten years from the date the requested authorization is granted.

Dated: September 22, 2011

Respectfully submitted,

By: /s/ Beth L. Webb
Beth L. Webb
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Attorneys for Jordan Cove Energy Project, L.P.

APPENDIX A

OPINION OF COUNSEL

DICKSTEINSHAPIRO_{LLP}

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September 22, 2011

Ms. John A. Anderson
Manager, Natural Gas Regulatory Activities
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Import & Export Activities
Office of Fossil Energy
U.S. Department of Energy
1000 Independence Avenue SW
Washington, D.C. 20585

Re: Jordan Cove Energy Project, L.P.
Application for Long-Term Authorization to Export Liquefied Natural Gas
to Free Trade Agreement Nations

Dear Mr. Anderson:

This opinion is furnished to you pursuant to Section 590.202(c) of the Department of Energy Regulations, 10 C.F.R. §590.202(c) and the Application of Jordan Cove Energy Project, L.P. (“Jordan Cove”) for Authorization to Export Liquefied Natural Gas to Free Trade Agreement Nations. We are counsel to Jordan Cove, a limited partnership organized under the laws of the State of Delaware, in connection with the referenced Application. We have reviewed and relied upon the limited partnership formation documents of Jordan Cove and information provided to us by Jordan Cove. Based on the foregoing, and for the purposes of the Application to the Office of Fossil Energy, we are of the opinion that the proposed exports as described in the Application are within the limited partnership powers of Jordan Cove.

Very truly yours,

/s/ Dickstein Shapiro LLP