

November 10, 2011

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

11-145-LNG

**Re: Cameron LNG, LLC  
FE Docket No. 11-145-LNG  
Application for Long-Term Authorization to Export Liquefied Natural  
Gas to Free Trade Agreement Countries**

Dear Mr. Anderson,

Cameron LNG, LLC ("Cameron LNG") hereby submits for filing with the U.S. Department of Energy, Office of Fossil Energy, one original and three copies of its application for long-term authorization to export liquefied natural gas ("LNG"). In this application, Cameron LNG is seeking multi-contract authorization to engage in exports of up to 12 million metric tons per year (equivalent to approximately 620 billion cubic feet) of LNG produced from domestic sources. The requested authorization would permit Cameron LNG to export LNG to any country with which the United States has, or in the future may have, a Free Trade Agreement requiring national treatment for trade in natural gas and LNG.

A check in the amount of \$50.00 is enclosed in payment of the applicable filing fee.

Please contact me if you have any questions regarding this application.

Respectfully submitted,

A handwritten signature in black ink that reads "William D. Rapp".

William D. Rapp  
101 Ash Street  
San Diego, CA  
(619) 699-5050

Counsel for Cameron LNG, LLC

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

Cameron LNG, LLC

Docket No. 11-\_\_\_\_-LNG

**APPLICATION OF  
CAMERON LNG, LLC  
FOR LONG-TERM AUTHORIZATION TO EXPORT LIQUEFIED NATURAL GAS**

Pursuant to Section 3 of the Natural Gas Act (“NGA”)<sup>1</sup> and Part 590 of the regulations of the Department of Energy (“DOE”),<sup>2</sup> Cameron LNG, LLC (“Cameron LNG”) submits this application (“Application”) for a long-term, multi-contract authorization to export up to 12 million metric tons per annum (“MTPA”) (equivalent to 620 billion cubic feet (“Bcf”) per year)<sup>3</sup> of liquefied natural gas (“LNG”) produced from domestic sources. Cameron LNG seeks this authorization for a 20-year period commencing on the earlier of the date of first export or seven years from the date the requested authorization is granted.

In this Application, Cameron LNG seeks authorization to export domestically-produced LNG from the terminal it owns and operates in Cameron Parish, Louisiana (“Cameron Terminal”) to any country with which the United States has, or in the future may have, a free trade agreement requiring national treatment for trade in natural gas (“FTA”).<sup>4</sup> Cameron LNG is

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<sup>1</sup> 15 U.S.C. § 717b.

<sup>2</sup> 10 C.F.R. Part 590.

<sup>3</sup> The proposed maximum export quantity of 12 MTPA, or 620 Bcf per year, equates to a daily maximum export rate of approximately 1.7 Bcf.

<sup>4</sup> The countries that have FTAs with the United States are: Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Singapore, and South Korea.

requesting this authorization both on its own behalf and as agent for other parties who themselves hold title to the LNG at the time of export.

This Application is the first part of Cameron LNG’s planned two-part export authorization request. Cameron LNG will subsequently file a separate application with the DOE for long-term authorization to export LNG to those countries with which the United States does not have a FTA and with which trade is not prohibited by U.S. law or policy. The subsequent application to export domestic LNG to non-FTA countries will require an analysis of the public interest, and Cameron LNG will provide additional evidence regarding the public interest as part of that application.

This Application requests authority to export LNG only to countries with which the U.S. has, or in the future may have, a FTA. Accordingly, it is subject to review under the standard established in Section 201 of the Energy Policy Act of 1992,<sup>5</sup> which amended Section 3(c) of the NGA. As amended, Section 3 (c) of the NGA provides that applications, such as this one, that seek authorization to export LNG to FTA countries, are entitled to the statutory presumption that such exports are “deemed to be consistent with the public interest.”<sup>6</sup> Section 3 (c) further requires that applications of this type “shall be granted without modification or delay.”<sup>7</sup>

In support of this Application, Cameron LNG respectfully states the following:

## **I. COMMUNICATIONS AND CORRESPONDENCE**

Any notices, pleadings or other communications concerning this Application should be addressed to:

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<sup>5</sup> 15 U.S.C. §717b (2011).

<sup>6</sup> Id.

<sup>7</sup> Id.

William D. Rapp  
101 Ash Street  
San Diego, CA 92101  
(619) 699-5050  
[wrapp@sempraglobal.com](mailto:wrapp@sempraglobal.com)

The contact for any reports required in connection with the requested authorization is as follows:

Richard McElroy  
101 Ash Street  
San Diego, CA 92101  
(619)696-2734

## **II. DESCRIPTION OF THE APPLICANT**

The exact legal name of Cameron LNG is Cameron LNG, LLC. Cameron LNG, a limited liability company organized under the laws of Delaware, is a wholly-owned subsidiary of Sempra Energy. The principal place of business of Cameron LNG is 101 Ash Street, San Diego, California 92101. Cameron LNG is currently engaged in the business of owning and operating the Cameron Terminal in Cameron Parish, Louisiana.

## **III. DESCRIPTION OF CAMERON LNG TERMINAL**

In this Application, Cameron LNG seeks a long-term authorization to export domestically produced LNG from the Cameron Terminal. The Federal Energy Regulatory Commission (“FERC”) initially authorized the Cameron Terminal in 2003.<sup>8</sup> Cameron LNG completed construction of the Cameron Terminal and placed it in service in July 2009. Initially, the Cameron Terminal was used for the sole purpose of receiving and storing foreign-sourced LNG, and re-gasifying such LNG and sending it out for delivery to domestic markets. In 2011, FERC issued an order authorizing Cameron LNG to operate the Cameron Terminal for the additional

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<sup>8</sup> *Cameron LNG, LLC*, 104 FERC ¶61,269 (2003).



purpose of exporting previously imported (i.e., foreign sourced) LNG on behalf of its customers.<sup>9</sup> The Cameron Terminal has an existing interconnection with Cameron Interstate Pipeline, LLC (“Cameron Interstate”), an interstate natural gas pipeline regulated by FERC.<sup>10</sup>

#### **IV. DESCRIPTION OF EXPORT PROPOSAL**

Cameron LNG is finalizing the design of natural gas processing and liquefaction facilities to receive and liquefy domestic natural gas at the Cameron Terminal (the “Project”). The Project facilities will be integrated into the existing terminal facilities. The terminal facilities presently consist of two marine berths, three full containment LNG storage tanks, LNG vaporization systems, and associated utilities and equipment. The new facilities proposed as part of the Project will include natural gas pre-treatment, liquefaction, and export facilities with a capacity of up to 12 MTPA of LNG, plus upgrades to the existing equipment and additional utilities.

The Project facilities would permit gas to be received by pipeline at the Cameron Terminal, to be liquefied, and to be loaded from the terminal’s storage tanks onto vessels berthed at the existing marine facility. The Project will be designed to allow Cameron LNG to be capable of providing bi-directional service. Thus, once the Project facilities are operational, the Cameron Terminal will have the capability to (i) liquefy domestic gas for export or (ii) import LNG and either re-gasify such imported LNG for delivery to domestic markets or export it to foreign markets.

The long-term authorization requested in this application is necessary in order to permit Cameron LNG to incur the substantial costs of developing the Project and to secure customer contracts. Terms for the use of the liquefaction and other facilities will be set forth in

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<sup>9</sup> *Cameron LNG, LLC*, 134 FERC ¶61,049 (2011).

<sup>10</sup> Cameron Interstate Pipeline is an affiliate of Cameron LNG.

agreements with customers of the Project. These agreements are expected to be for terms of up to 20 years in length and will run concurrently with Cameron LNG's export authorization. Cameron LNG has not yet entered into such agreements; a long-term export authorization is required to finalize arrangements with prospective customers.

## V. EXPORT SOURCES

Cameron LNG seeks authorization to export natural gas available from the United States natural gas supply and transmission network. As a result of the Cameron Terminal's access (through its existing interconnection with Cameron Interstate) to five major interstate pipelines, and indirect access to the entire national gas pipeline grid, the Project's customers will have a wide variety of stable and economical supply options from which to choose. The sources of natural gas for the Project will include the vast supplies available from the Texas and Louisiana producing regions, including recent discoveries of shale gas resources.

According to the 2008 Report of the Potential Gas Committee of the Colorado School of Mines, the United States Gulf Coast region is estimated to have traditional natural gas resources of 455 trillion cubic feet ("Tcf").<sup>11</sup> Other Texas gas production basins are estimated to contain another 152 Tcf of traditional natural gas resources.<sup>12</sup>

In addition to traditional production, emerging unconventional supply areas, such as the Barnett, Haynesville, and Bossier shale gas formations, represent very attractive sources of supply. Technological improvements in natural gas exploration, drilling and production have resulted in significant reductions in the costs of developing shale resources, making shale gas

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<sup>11</sup> Potential Supply of Natural Gas in the United States, Report of the Potential Gas Committee, December 31, 2008.

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

production economically viable. Production from shale gas resources has contributed to a 20% increase in total U.S. gas production during the past five years.<sup>13</sup> Shale gas production has increased from a nominal amount just 7 years ago (1.4 Bcfd in 2004)<sup>14</sup> to 23% of total U.S. production in 2010 (13.3 Bcfd).<sup>15</sup> Given the size of traditional natural gas resources in close proximity to the Cameron Terminal, as well as rapid growth in emerging unconventional gas resources in the region, the Project's customers will have a diverse and reliable choice of alternative gas supplies.

## **VI. AUTHORIZATION REQUESTED**

Cameron LNG requests long-term authorization to export up to 12 MTPA of domestically produced LNG from the Cameron Terminal. This authorization is requested for a 20-year term commencing on the earlier of the date of first export or seven years from the date on which authorization is granted by the DOE. Cameron LNG seeks authorization to export LNG to any country with which the United States has, or in the future may have, a FTA.

Cameron LNG requests authorization to export LNG on its own behalf (by holding title to the LNG at the time of export) or by acting as agent for others. To ensure that all exports are permitted and lawful under U.S. laws and policies, Cameron LNG will comply with all DOE requirements for an exporter or agent. In Order No. 2913,<sup>16</sup> the DOE approved a proposal to register each LNG title holder for whom the applicant sought to export LNG as agent. The

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<sup>13</sup> The 20% increase is derived from U.S. Energy Information Administration ("EIA") dry gas production information for 2005 and 2010 available on the EIA website at the following link:

[http://www.eia.gov/dnav/ng/ng\\_prod\\_sum\\_dcua\\_nus\\_a.htm](http://www.eia.gov/dnav/ng/ng_prod_sum_dcua_nus_a.htm)

<sup>14</sup> Wood Mackenzie, North American Natural Gas Service Long Term View, April 2011

<sup>15</sup> U.S. Energy Information Administration, 2011 Annual Energy Outlook

<sup>16</sup> *Freeport LNG Development, LP*, DOE/FE Order No. 2986 (2011).



applicant also proposed that this registration include a written statement by the title holder acknowledging and agreeing to comply with all applicable requirements included in its export authorization and to include those requirements in any subsequent purchase or sale agreement entered into by that title holder. The applicant further stated that it would file under seal with the DOE any relevant long-term commercial agreements that it reached with the LNG title holders on whose behalf the exports were performed.

The DOE found that this proposal was an acceptable alternative to the non-binding policy adopted in Order No. 2859<sup>17</sup> that title to all LNG authorized for export must be held by the authorization holder at the point of export. In approving this alternative approach, the DOE noted that it would ensure that the title holder was aware of all DOE requirements and would provide DOE with a record of all authorized exports and direct contact information and a point of contact with the title holder.

Therefore, when acting as agent, Cameron LNG will register with the DOE each LNG title holder for whom Cameron LNG seeks to export as agent, and will provide the DOE with a written statement by the title holder acknowledging and agreeing to (i) comply with all requirements in Cameron LNG's long-term export authorization, and (ii) include those requirements in any subsequent purchase or sale agreement entered into by the title holder. Cameron LNG will also file under seal with DOE any relevant long-term commercial agreements it enters into with the LNG title holders on whose behalf the exports are performed.

In recent orders granting long-term authorizations to export LNG to FTA countries, the DOE has found that the applicants were not required to submit, with their applications,

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<sup>17</sup> *Dow Chemical Company*, DOE/FE Order No. 2859 (2010).



transaction-specific information, as specified in Section 590.202(b) of the DOE's regulations.<sup>18</sup>

The DOE found that, given the stage of development for these projects, it was appropriate for the applicants to submit such information "when practicable" (i.e., when the contracts reflecting such information are executed). Cameron LNG requests that the DOE make the same finding in this case.

## **VII. STANDARD OF REVIEW**

Section 3(c) of the NGA requires that applications for authorization to export natural gas, including LNG, to nations with which there is in effect a FTA requiring national treatment for trade in natural gas be deemed consistent with the public interest and granted without modification or delay. The DOE has found that, in light of its statutory obligation to grant such applications without delay or modification, there is no need for the DOE to engage in any analysis of factors affecting the public interest.<sup>19</sup> This Application, which clearly falls within the scope of Section 3(c), should be processed and approved in accordance with this standard.

## **VIII. REVIEW OF ENVIRONMENTAL IMPACTS**

Following issuance of the long-term export authorization requested in this Application, Cameron LNG will initiate the pre-filing review process at FERC for the proposed Project facilities. This will be the initial step in a comprehensive and detailed environmental review by FERC of the Project. It is anticipated that, consistent with the requirements of the National Environmental Policy Act, FERC will act as the lead agency for environmental review, with the DOE acting as a cooperating agency. Cameron LNG therefore respectfully requests that the

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<sup>18</sup> See, e.g., *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 2833 (2010). The transaction specific information described in the regulations includes long-term supply agreements and long-term export agreements.

<sup>19</sup> *Id.*

DOE issue an order approving this Application, with such approval subject to completion by FERC of a satisfactory environmental review of the Project. Such orders are routinely issued by DOE/FE, which may review an application to determine whether a proposed authorization is in the public interest concurrent with FERC's review of environmental impacts.<sup>20</sup>

## **IX. APPENDICES**

The following appendices are included with this Application:

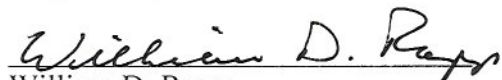
Appendix A	Verification
Appendix B	Opinion of Counsel

## **X. CONCLUSION**

For the reasons set forth above, Cameron LNG respectfully requests that the DOE issue an order granting Cameron LNG authorization to export for a period of 20 years up to 620 Bcf per year (equivalent to 12 MTPA) of domestically-produced LNG to any country with the United States has, or in the future may have, a FTA requiring national treatment for trade in natural gas.

Respectfully submitted,

Dated: November 10, 2011



William D. Rapp  
101 Ash Street  
San Diego, CA 92101  
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wrapp@sempraglobal.com

Counsel for Cameron LNG, LLC

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<sup>20</sup> See, e.g., *Freeport LNG Expansion, LP*, DOE/FE Order No. 2913 (2011).


# **APPENDIX A**

## **VERIFICATION**

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

**VERIFICATION**

William D. Rapp, first being sworn, states that he is counsel for Cameron LNG, LLC; that he is authorized to execute this Verification; that he has read the foregoing filing and is familiar with the contents thereof; and that all of the statements of fact therein contained are true and correct to the best of his knowledge and belief.


  
\_\_\_\_\_  
William D. Rapp  
On behalf of  
Cameron LNG, LLC

STATE OF CALIFORNIA                    )  
                                                          )  
COUNTY OF SAN DIEGO                )

Subscribed and sworn to before me on this 7th day of November 2011, by William D. Rapp, proved to me on the basis of satisfactory evidence to be the person who appeared before me.

  
\_\_\_\_\_  
NOTARY PUBLIC SIGNATURE

NOTARY PUBLIC SEAL



EMMA CASTILLO  
Commission # 1853090  
Notary Public - California  
San Diego County  
My Comm. Expires Jun 18, 2013



## **APPENDIX B**

### **OPINION OF COUNSEL**



November 10, 2011

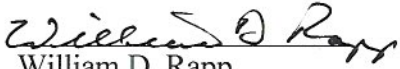
Mr. John Anderson  
Office of Fossil Energy  
U.S. Department of Energy  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

**Re: Cameron LNG, LLC  
Application for Long-Term Authorization to Export Liquefied Natural  
Gas to Free Trade Agreement Countries**

Dear Mr. Anderson,

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 organizational and governance documents of Cameron LNG, LLC ("Cameron LNG"), and other documents and authorities as necessary. It is my opinion that the proposed long-term export of liquefied natural gas by Cameron LNG, as described in the above-referenced application, is within the limited liability company powers of Cameron LNG.

Respectfully submitted,

  
William D. Rapp  
Counsel for Cameron LNG, LLC