

MICHAEL A. STOSSER
Attorney at Law

7 Times Square, Times Square Tower
New York, NY 10036

T: (212) 297 5802 F: (718) 535 5353
mstosser@daypitney.com

ORIGINAL

June 6, 2011

Mr. John Anderson
Office of Fuels Programs, Fossil Energy
U.S. Department of Energy
Docket Room 3E-042
Forrestal Building
1000 Independence Avenue, S.W.
Washington, D.C. 20585



**Re: Carib Energy (USA) LLC
FE Docket No. 11-71-LNG
Application For Long-Term Authorization To Export Liquefied Natural Gas
To Free Trade Agreement Countries**

Dear Mr. Anderson:

We hereby submit, on behalf of Carib Energy (USA) LLC ("Carib"), one original and five copies of an application (the "Application") for long-term authorization to export up to a total of 250,000 metric tons (approximately 0.019 billion standard cubic feet) per year of domestically produced and previously imported liquefied natural gas ("LNG") over a twenty-five year period commencing the earlier of the date of first export or five years from the date the requested authorization is granted.

As reflected in the enclosed application, Carib is requesting that such long-term authorization permit it to export to any country located within Central America, South America or the Caribbean, which has or in the future develops the capacity to import LNG via ocean-going carriers (either directly or by use of approved ISO IMO7/TVAC-ASME LNG containers transported on ocean-going carriers), and with which the United States currently has, or in the future will have, a Free Trade Agreement.

Enclosed is a check in the amount of \$50.00, the applicable filing fee. Please acknowledge receipt of this Application by date-stamping the enclosed extra copy of this filing and returning it in the pre-addressed, postage-paid envelope included with this package.

Respectfully submitted,



Michael A. Stosser
Day Pitney LLP
7 Times Square
New York, NY 10036
(212) 297-5802
mstosser@daypitney.com

Enclosures

ORIGINAL

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



CARIB ENERGY (USA) LLC

Docket No. 11-71-LNG

**APPLICATION OF
CARIB ENERGY (USA) LLC
FOR LONG-TERM AUTHORIZATION TO EXPORT LIQUEFIED NATURAL GAS
TO FREE TRADE AGREEMENT COUNTRIES**

Communications regarding this
application should be addressed to:

Greg Buffington
President
Carib Energy (USA) LLC
11947 N.W. 37th Street
Coral Springs, Florida 33065
(954) 340-9278
gbuffington@caribenergy.com

Michael A. Stosser
Florence K.S. Davis
Day Pitney LLP
7 Times Square
New York, NY 10036
(212) 297-5802
mstosser@daypitney.com
fkdavis@daypitney.com

May 27, 2011

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

Carib Energy (USA) LLC

Docket No. 11-71-LNG

**APPLICATION OF CARIB ENERGY LLC
FOR LONG-TERM AUTHORIZATION TO EXPORT LIQUEFIED NATURAL GAS
TO FREE TRADE AGREEMENT COUNTRIES**

Pursuant to Section 3 of the Natural Gas Act¹ and Part 590 of the regulations of the Department of Energy (“DOE”),² Carib Energy (USA) LLC (“Carib”) submits this application (“Application”) to the DOE Office of Fossil Energy (“DOE/FE”) for long-term, multi-contract authorization to export up to a total of 250,000 metric tons per annum³ of liquefied natural gas (“LNG”) for a 25-year period, commencing on the earlier of the date of first export or five years from the date the requested authorization is granted. Carib requests that such authorization allow it to export both previously imported and domestically sourced LNG to any country located within Central America, South America or the Caribbean, which has, or in the future develops, the capacity to import LNG via ocean-going carriers (either directly or by use of approved ISO

¹ 15 U.S.C. § 717b (2011).

² 10 C.F.R. § 590 (2011).

³ Approximately 0.019 billion standard cubic feet (“bscf”) per year. This represents the maximum total of LNG that Carib expects to export in any year during the period of authorization to both FTA and non-FTA countries. Exports to FTA countries, which are the subject of this Application, are expected to represent approximately 25% of that total on a yearly basis. Initial exports during the early years of the authorization will be of a smaller volume, from approximately 0.001 bscf per year and upward.

IMO7/TVAC-ASME LNG containers transported on ocean-going carriers), and with which the United States currently has, or in the future will have, a Free Trade Agreement (“FTA”).⁴

Carib will be filing a separate application (“Non-FTA Application”) with DOE/FE requesting long-term, multi-contract authorization to export LNG to any country located within South America, Central America or the Caribbean with which the United States does not have an FTA requiring national treatment for trade in natural gas and LNG, which has developed or in the future will develop the capacity to import LNG via ocean-going carrier (either directly or by use of approved ISO IMO7/TVAC-ASME LNG containers transported on ocean-going carriers), and with which trade is not prohibited by United States law or policy.

Inasmuch as applications such this one, which request export authorization to countries with which the United States has an FTA, are reviewed pursuant to the standards established by the Energy Policy Act of 1992, Carib understands that DOE/FE will perform a public interest analysis before it grants Carib’s Non-FTA Application. Section 3(c) of the Natural Gas Act, as amended by § 201 of the Energy Policy Act of 1992, established a statutory presumption that exports to FTA countries must be authorized. Such exports are “deemed to be within the public interest,” and applications for such exportation “shall be granted without modification or delay.”⁵

In support of this Application, Carib respectfully states the following:

⁴ Within this region, the United States currently has free trade agreements requiring national treatment for trade in natural gas and LNG with Chile, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Peru. The FTA with Costa Rica does not require national treatment for trade in natural gas. Congressional approval is currently pending on FTAs with Colombia and Panama.

⁵ 15 U.S.C. § 717b(c) (2010). (“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.”).

I.

DESCRIPTION OF APPLICANT

The exact legal name of the applicant is Carib Energy (USA) LLC. Carib is a limited liability company organized under the laws of the State of Delaware. The principal place of business of Carib is located at 11947 N.W. 37th Street, Coral Springs, Florida, 33065.

Stock in Carib is held equally by Everything for Gas International LLC d/b/a EFG Industries, a Florida limited liability company based in Coral Springs, Florida (“EFG”) and Argosy Transportation Group Inc., a Texas limited liability company based in Bellaire, Texas (“Argosy”). EFG has more than thirty-one years experience in the liquefied petroleum gas (“LPG”) industry on an international level, engineering, designing and installing LPG plant, terminals, and transporters, and supplying LPG equipment, including storage and transportation tanks. Argosy is an asset-based marine transport company specializing in solutions for shippers of break-bulk, heavy-lift and project cargo. Its management has more than thirty combined years experience in the marine transportation industry.

II.

COMMUNICATIONS

Communications regarding this application should be directed to the following:

Greg Buffington
President
Carib Energy (USA) LLC
11947 N.W. 37th Street
Coral Springs, Florida 33065
(954) 340-9278 x 303
gbuffington@caribenergy.com

Michael A. Stosser
Florence K.S. Davis
Day Pitney LLP
7 Times Square
New York, NY 10036
(212) 297-5802
mstosser@daypitney.com
fkdavis@daypitney.com

III.

AUTHORIZATION REQUESTED

Carib requests long-term, multi-contract authorization to export up to a total of 250,000 metric tons per annum of previously imported or domestically produced LNG (equivalent to approximately 0.019 bscf of LNG per year) for a period of 25 years beginning the earlier of the date of first export, or the fifth anniversary of the date authorization is granted by DOE/FE. Carib requests that such long-term authorization provide for export from the Atlantic southeast, Florida, and the Gulf Coast, including Texas, to any country located within South America, Central America or the Caribbean that has, or in the future will have, the capacity to import LNG via ocean-going carrier (either directly or by use of approved ISO IMO7/TVAC-ASME LNG containers transported on ocean-going carriers), and with which the United States currently has, or in the future will have, an FTA requiring the national treatment for trade in natural gas and LNG.

In the majority of cases, no facility modifications or additions will be required in order for Carib to export LNG from the United States.⁶ Carib will take delivery of LNG at the site of

⁶ If and to the extent the owners of liquefaction facilities from which Carib is taking delivery of LNG make minor modifications to those facilities to either accommodate the slight additional volume of LNG resulting from such deliveries or to account for the temperature requirements of LNG versus other liquefied petroleum products, those owners will obtain the necessary state, local, or federal permits before any such modifications or deliveries occur.

existing liquefaction facilities located throughout the southeastern United States, purchasing relatively small LNG quantities, and, in most cases, making use of excess LNG capacity, which is available for sale, as well as natural gas, which can be liquefied at liquefaction facilities. Carib will transport the LNG from the liquefaction facilities within the United States over both highways and via rail, and will transport LNG to buyers in South America, Central America and the Caribbean, using either approved ISO IMO7/TVAC-ASME LNG containers transported on ocean-going carriers or directly using ocean-going LNG carriers. Containers and carriers used for transportation within the United States will comply with all Association of American Railroads and United State Department of Transportation regulations, and the third parties with which Carib will be contracting to handle such transportation will comply with all hazardous material and cryogenic handling regulations and requirements, including employee training, in addition to obtaining any state permits required for transportation of LNG.

The source of natural gas supply to be exported by Carib will be the robust and liquid United States natural gas market, which now includes natural gas produced from shale deposits. Carib will be purchasing LNG on both a spot basis and under long term purchase agreements from suppliers, including utilities that have excess natural gas and LNG, and which have obtained appropriate regulatory approval, if required, for the sales of such excess capacity. Carib is currently involved in negotiations with several such suppliers, and will file all executed long-term contracts with the DOE/FE under seal, following their execution. DOE/FE has previously found that this commitment conforms to the requirements of 10 C.F.R. § 590.202(b), which calls upon applicants to supply transaction-specific information “to the extent practicable.”⁷ Carib

⁷ *Sabine Pass Liquefaction, LLC*, FE Docket No. 10-85-LNG, Order No. 2833 (Sept. 7, 2010). 10 C.F.R. 590.202(b) requests certain information, “to the extent applicable,” and “supported to the extent practicable by necessary data or documents,” regarding the source and security of the natural gas supply proposed for export, including contract volume and a description of the specific gas reserves supporting the project during the time of the

expects to begin exporting LNG purchased on a spot basis or under such long term agreements by the first quarter of 2012.

As noted above, this application is submitted pursuant to the standard established by the Energy Policy Act of 1992, under which applications for export to FTA countries are deemed to be in the public interest, and must be granted without modification or delay.⁸ Carib's application is presumptively in the public interest, and the long-term authorization requested by Carib is also compatible with the principles established by DOE/FE's Policy Guidelines,⁹ which promote free and open trade by minimizing federal control and involvement in energy markets, and DOE Delegation Order No. 0204-111, which requires "consideration of the domestic need for the gas to be exported."

As DOE/FE recently has recognized, United States consumers currently have access to substantial quantities of natural gas, as a result of, among other things, technological advances that have allowed for development of previously undeveloped reserves of domestic shale gas.¹⁰ The Annual Energy Outlook 2010, prepared by the U.S. Energy Information Administration ("EIA"), forecasted shale gas production to increase to 2.85 Tcf by 2015 and 6.0 Tcf by 2035, representing 5.3% annual growth from 2008-2035.¹¹ EIA's Annual Energy Outlook 2011 more

requested export authorization; *see also*, *Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC*, FE Docket No. 10-160-LNG, Order No. 2913 (February 10, 2011).

⁸ 15 U.S.C. § 717b(c) (2010), *supra* note 5.

⁹ Policy Guidelines and Delegation Orders Relating to the Regulation of Imported Natural Gas, 49 Fed. Reg. 6,684 (Feb. 22, 1984).

¹⁰ *Cheniere Marketing, LLC*, FE Docket No. 10-31-LNG, Order No. 2795 (June 1, 2010).

¹¹ U.S. ENERGY INFORMATION ADMINISTRATION, ANNUAL ENERGY OUTLOOK 2010 135, Table A-14 (2010), available at [http://www.eia.doe.gov/oiaf/aeo/pdf/0383\(2010\).pdf](http://www.eia.doe.gov/oiaf/aeo/pdf/0383(2010).pdf).

than doubles its estimate of technically recoverable shale gas reserves,¹² and doubles its projected shale gas production to 12.0 Tcf by 2035.¹³ Large volumes of domestic shale gas reserves and its development and extraction, as well as continued low production costs, will enable the United States to develop significant quantities of natural gas and LNG, which will be able to meet domestic demand for decades to come, and, as a result, also will provide an over-capacity of natural gas and LNG that would be available for export. The decrease in natural gas prices from 2008 to 2010 provides evidence of such over-capacity.¹⁴

Carib will purchase the quantities of LNG it proposes to export - which quantities are relatively small when compared to those included in recent export applications received by the DOE/FE - primarily from utilities and other suppliers seeking to sell excess supply of LNG that cannot be marketed economically otherwise in the domestic market, due, in part, to the relatively low natural gas prices in this country. By allowing Carib to purchase this excess supply for export overseas, DOE/FE's approval of this Application will benefit these domestic companies, in addition to supporting President Obama's National Export Initiative signed in 2010.¹⁵

IV.

ENVIRONMENTAL IMPACT

As stated above, in the majority of cases, no new facilities (or modifications to any existing facilities) would be required in order for Carib to export LNG. In the limited cases in which the owners of liquefaction facilities that sell and deliver LNG to Carib opt to make minor

¹² U.S. ENERGY INFORMATION ADMINISTRATION, ANNUAL ENERGY OUTLOOK 2011, Executive Summary (2011), available at [http://www.eia.gov/forecasts/aeo/pdf/0383\(2011\).pdf](http://www.eia.gov/forecasts/aeo/pdf/0383(2011).pdf).

¹³ *Id.* at Table 8.

¹⁴ *See, e.g., id.* at Figure 39.

¹⁵ Exec. Order No. 13534, 75 Fed. Reg. 12433 (March 11, 2010).

modifications to their facilities to either accommodate the slight additional volume of LNG resulting from such deliveries, or to account for the temperature requirements of LNG versus other liquefied petroleum products, those owners of liquefaction facilities will obtain the necessary state, local, or federal permits before any such modifications or deliveries occur. Approval of this Application therefore would not constitute a federal action significantly affecting the human environment within the meaning of the National Environmental Policy Act.¹⁶

V.

APPENDICES

The following exhibits are submitted as part of this Application:

Appendix A Verification

Appendix B Opinion of Counsel

VI.

CONCLUSION

WHEREFORE, for the reasons set forth above, Carib respectfully requests that DOE/FE grant the long-term, multi-contract export authorization requested herein.

Dated: May 27, 2011

Respectfully submitted,

Carib Energy (USA) LLC

By: Michael A. Stosser JESD
Michael A. Stosser
Its Counsel

¹⁶ 42 U.S.C. § 4231, *et seq.*; Categorical Exclusion B5.7, 10 C.F.R. Part 1021, Subpart D, Appendix B.

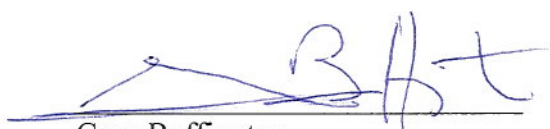
APPENDIX A

CERTIFIED STATEMENT

Broward
County of [COUNTY]

Florida
State of [STATE]

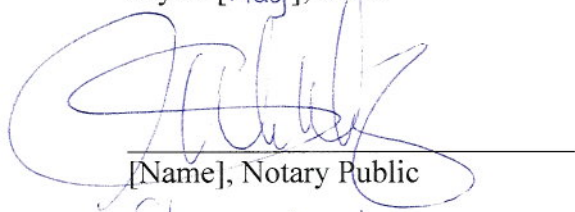
I, Greg Buffington, being duly sworn on his oath, do hereby affirm that I am President of Carib Energy (USA) LLC; that I am familiar with the contents of this application; and that the matters set forth therein are true and correct to the best of my knowledge, information and belief.



Greg Buffington

Florida

Sworn to and subscribed before me, a Notary Public, in and for the State of [STATE], this [25]th day of [May], 2011.



[Name], Notary Public

Stacy M. Murray



STACY MELISSA MURRAY
MY COMMISSION # DD 973489
EXPIRES: March 22, 2014
Bonded Thru Budget Notary Services

APPENDIX B

May 27, 2011

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

RE: Carib Energy (USA) LLC
Application for Long-Term Authorization to Export Liquefied Natural Gas

Dear Mr. Anderson:

This opinion is submitted pursuant to 10 C.F.R. 590.202(c) of the Department of Energy administrative procedures. We have acted as counsel to Carib Energy (USA) LLC, a Delaware limited liability company (the "Company"), in connection with the above-referenced application to the U.S. Department of Energy (the "Application").

In rendering this opinion, we have reviewed and relied upon originals or copies of the Certificate of Formation of the Company, as filed on May 26, 2011 with the Delaware Secretary of State, the Limited Liability Company Agreement of the Company, dated as of May 26, 2011, and the Application.

The opinion set forth below is limited to the Delaware Limited Liability Company Act as in effect on this date. We express no opinion as to the applicability or effect of any other laws of such jurisdiction or the laws of any other jurisdictions.

Based upon the foregoing, we are of the opinion that the proposed export of natural gas, as described in the Application, is within the limited liability company powers of the Company.

Very truly yours,



Day Pitney LLP

DAS/JMB