

ORIGINAL



August 8, 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. 11-98-LNG
Application for Blanket Authorization to
Re-Export Liquefied Natural Gas



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), the original and three copies of its application for blanket authorization. DCP is seeking blanket authority to re-export foreign-sourced liquefied natural gas (LNG) up to a cumulative total of the equivalent of 150 billion cubic feet of natural gas at its Cove Point LNG Terminal located in Calvert County, Maryland over a two year period. The requested re-export authority would permit DCP as an agent for others to re-export LNG 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. 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
Tel: (804) 771-4399
Fax: (804) 771-4804

**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 - 98 - LNG**

**APPLICATION OF DOMINION COVE POINT LNG, LP FOR
BLANKET AUTHORIZATION TO RE-EXPORT LNG ON A SHORT-TERM BASIS**

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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 blanket authorization to engage in short-term re-exports of liquefied natural gas (LNG) that was previously imported into the United States (U.S.) from foreign sources up to a cumulative total of the equivalent of 150 billion cubic feet (Bcf) of natural gas. DCP requests authorization to re-export the foreign-sourced LNG over a two-year term commencing on December 1, 2011 from its LNG terminal ("Cove Point LNG Terminal" or "LNG Terminal") located in Calvert County, Maryland 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. DCP is requesting this authorization to act as agent on behalf of other entities who themselves hold title to the LNG, after registering the other entity with DOE/FE.

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

1/ 15 U.S.C. § 717 (b).
2/ 10 C.F.R. Part 590 (2011).

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.

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
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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 is proposing to operate its LNG Terminal facility for the additional purpose of re-exporting foreign-sourced LNG, whereby import customers could use capacity in the LNG Terminal to temporarily store LNG (as they do now), and then re-load it into tankers for re-export. The flexibility to export previously imported LNG will provide shippers using the Cove Point LNG Terminal increased flexibility to respond effectively to changes in domestic and world markets for natural gas and LNG. DCP's re-export proposal is limited solely to foreign-sourced supplies of LNG. DCP is not proposing to export domestic gas supplies in this Application.

DCP requests blanket authorization for the re-export of foreign-sourced LNG for a term of two years commencing on December 1, 2011. DCP proposes to engage in short-term re-exports of LNG that was previously imported into the U.S. from foreign sources up to a cumulative total of the equivalent of 150 Bcf of natural gas. DCP is seeking authorization to re-export 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. The blanket export authorization requested by DCP is very similar to numerous blanket authorizations to re-export foreign-sourced LNG granted by DOE/FE to other LNG terminals and certain of their shippers. ^{3/}

DCP does not intend to hold title to 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

^{3/} *Freeport LNG Development, L.P.*, FE08-70-LNG, DOE Opinion and Order Nos. 2644 (May 28, 2009), 2644-A (Sept. 22, 2009), and 2644-B (May 11, 2010); *Cheniere Marketing, Inc.*, FE08-77-LNG, DOE Opinion and Order Nos. 2651 (June 8, 2009) and 2651-A (July 31, 2009); *ConocoPhillips Co.*, FE09-92-LNG, DOE Opinion and Order Nos. 2731 (Nov. 30, 2009); *Dow Chemical Co.*, DOE/FE Order No. 2859 (Oct. 5, 2010); *ENI USA Gas Marketing LLC*, FE10-152-LNG, DOE Opinion and Order Nos. 2923 (March 3, 2011); *Sempra LNG Marketing, LLC*, FE10-110-LNG, DOE Opinion and Order No. 2885 (Dec. 3, 2010); *Freeport LNG Development, L.P.*, FE11-51-LNG, DOE Opinion and Order Nos. 2986 (July 19, 2011).

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 re-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 were 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 do so. ^{4/}

DCP plans in the near future to file an application with the Federal Energy Regulatory Commission ("FERC") for the necessary authorizations to allow for the re-export of foreign-sourced LNG from the Cove Point LNG Terminal. ^{5/} This change in operation will require only very minimal facility modifications, simply the conversion of six check valves located on the unloading arms on the offshore pier to flow-through valves, allowing both unloading and loading of ships to occur at the LNG Terminal. In addition, DCP would modify the computer software for Emergency Shutdown (ESD) to include loading operations and prepare a loading procedure for the U.S. Coast Guard.

The authorization requested here, as a practical matter, will not be actionable until the FERC grants DCP authorization for the re-export of LNG. Consistent with prior orders by

^{4/} *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).

^{5/} On August 1, 2011, the FERC granted DCP's request and held that DCP's proposal to engage in LNG re-export services at the Cove Point LNG Terminal is not subject to the FERC's pre-filing process under the National Environmental Policy Act (NEPA).

DOE/FE, the authorization sought herein may be conditioned on DCP's receipt of FERC authorization for the re-export of LNG, if that authorization has not yet been granted by the time of action in this proceeding. 6/

IV. PUBLIC INTEREST

Pursuant to the transfer of authorities under sections 301(b) and 402 of the DOE Organization Act, 42 USC 7151(b) and 42 US 7172, DOE/FE is responsible for evaluating this application under Section 3 of the NGA. Under Section 3, DOE/FE is required to authorize exports to a foreign country unless there is a finding that such exports "will not be consistent with the public interest." 7/ Therefore, Section 3 creates a statutory presumption in favor of approval of this application which opponents bear the burden of overcoming. 8/ Additionally, in evaluating an application, DOE/FE has applied the principles set forth in DOE Delegation Order No. 0204-111, which states that domestic need for natural gas shall be the primary focus of the DOE/FE when evaluating an export application. 9/ As set forth below, DCP's request for blanket authorization is consistent with the public interest standard of Section 3 of the NGA and DOE/FE's policy.

DOE/FE has issued blanket authorizations to re-export previously imported LNG in numerous recent cases, each time citing record evidence that indicates that consumers in the U.S. presently have access to substantial quantities of natural gas sufficient to meet domestic

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

7/ 15 U.S.C. § 717(b).

8/ In *Panhandle Producers and Royalty Owners Association v. ERA*, 882 F.2d 1105, 1111 (DC Cir. 1987), the court found that Section 3 of the NGA "requires an affirmative showing of inconsistency with the public interest to deny an application" and that a "presumption favoring...authorization...is completely consistent with, if not mandated by, the statutory directive." See also *Independent Petroleum Association v. ERC*, 870 F.2d 168, 172 (5th Cir. 1989); *Panhandle and Royalty Owners Association v. ERA*, 847 F.2d 1168, 1186 (5th Cir. 1988).

9/ See *id.* At p. 14.

demand from multiple other sources at competitive prices without the LNG sought to be re-exported. ^{10/} The evidence remains the same today.

Most recently, on July 19, 2011, the DOE/FE issued its order 2986 granting blanket authorization to Freeport LNG Development, L.P. (Freeport LNG) to export LNG that previously had been imported from foreign sources. The DOE/FE order discussed the public interest standard in regards to whether the foreign-sourced LNG to be exported is needed to meet domestic demand. The order 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.” ^{11/} In support of that finding, 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 showed an increasing volume of shale gas production compared to the data and projections referenced in *Dow Chemical Company*, DOE/FE Order No. 2859 (October 5, 2010)(*Dow Chemical*). ^{12/} DOE/FE also noted the EIA’s more recent projections of increasing gas production in the *Annual Energy Outlook 2011*. As DOE/FE has previously found multiple times, the evidence clearly shows that U.S. consumers have access to substantial supplies of natural gas that will meet demand without the foreign-sourced LNG which DCP proposes to re-export.

DCP seeks here only to re-export foreign-sourced LNG, and does not propose in this Application to export domestically produced natural gas. The purpose of DCP’s re-export proposal is to provide its import customers with the ability to re-export to other markets

^{10/} See footnote 3 *supra*.

^{11/} *Freeport LNG Development, L.P.*, FE 11-51-LNG, DOE/FE Opinion and Order No. 2986 at 7.

^{12/} *Dow Chemical Company*, DOE/FE Order No. 2859 (October 5, 2010), at 4 through 6 provides discussion of relevant records discussing domestic need for previously imported LNG that are also applicable to this application.

volumes of LNG that were previously imported at the Cove Point LNG Terminal. When U.S. gas supply and demand are in relative balance, LNG will be imported to the LNG Terminal, re-gasified, and used to supplement domestic gas supply. When U.S. gas is plentiful and inexpensive, as it is currently, DCP's import customers will have the option of importing LNG with the ability of later re-exporting it to serve other markets if desired. The flexibility to re-export imported LNG will provide additional flexibility to DCP's customers and should encourage the importation of LNG by eliminating any concern that cargos will become captive to the U.S. market regardless of changes in worldwide markets and gas demand.

The ability to use re-export capability to attract cargos is also beneficial to the LNG Terminal remaining in a cooled-down state so that it is operationally capable of providing DCP's certificated services. With re-export capability, DCP will be more likely to receive cargos even when prices are higher elsewhere, since DCP's import shippers will have the flexibility to sell LNG in a higher-priced market even after initial delivery. Finally, as noted above, DCP's re-export proposal would apply only to foreign-sourced LNG that has been imported and stored at the LNG Terminal.

In summary, the availability of domestic gas supplies would not be affected, and the requested blanket authorization is consistent with the public interest. Therefore, DCP's Application for blanket authorization should be granted.

V. ENVIRONMENTAL IMPACT

As previously noted, in order to accommodate the proposed re-export activities, no new facilities, and no modifications of existing facilities will be required, except for removing internals from six check valves located on the pier. In addition, there will be no additional ship traffic as a result of the proposed re-export operations beyond the number already stated in the

U.S. Coast Guard Letter of Recommendation and Waterway Suitability Report issued for the Cove Point LNG Terminal. Therefore, granting authorization of the proposal herein 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 in the near future to file an application with the FERC for the necessary authorizations to allow for the re-export of foreign-sourced 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 re-export of LNG, conditioned on completion of the environmental review by FERC.

VI. APPENDICES

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

Appendix A: Verification

Appendix B: Opinion of Counsel

VII. CONCLUSION

Based on the reasons set forth above, DCP respectfully requests that the DOE/FE find that DCP's proposal to engage in short-term re-exports of LNG that was previously imported into the U.S. from foreign sources up to a cumulative total over two years of the equivalent of 150 Bcf of natural gas 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 is not inconsistent with the public interest and grant such authority as expeditiously as possible.

Respectfully submitted,

/s/ Matthew R. Bley

Matthew R. Bley
Authorized Representative
Tel: (804) 771-4399
Fax: (804) 771-4804

Dated: August 8, 2011

Appendix A

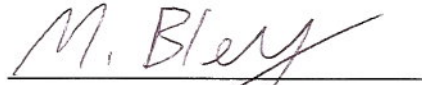
VERIFICATION

STATE OF VIRGINIA)

) SS:

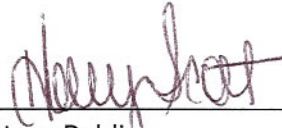
CITY OF RICHMOND)

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, LP.; that he is duly authorized to make this Verification; that he has read the foregoing submittal and is familiar with the contests 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 5th 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 re-export of natural gas is within the company's corporate powers.

Respectfully submitted.

A handwritten signature in black ink, appearing to read 'M. Peters', is written over a horizontal line.

Margaret H. Peters
Assistant General Counsel