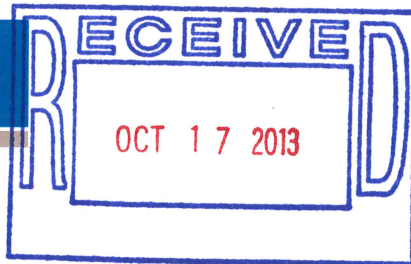


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October 17, 2013

Mr. John A. Anderson  
Manager, Natural Gas Regulatory Activities  
Office of Oil and Gas Global Security and Supply  
Office of Fossil Energy  
U.S. Department of Energy  
Docket Room 3E-042, FE-34  
Forrestal Building  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

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

**Carib Energy (USA) LLC, FE Docket No. 11-141-LNG  
Amendment to Application of Carib Energy (USA) LLC for Long-Term  
Authorization to Export Liquefied Natural Gas to Non-Free Trade  
Agreement Countries**

Dear Mr. Anderson:

On June 6, 2011, pursuant to Section 3 of the Natural Gas Act (“NGA”) and Part 590 of the regulations of the Department of Energy (“DOE”), Carib Energy (USA) LLC (“Carib”)<sup>1</sup> submitted an application requesting long-term, multi-contract authorization to export up to 250,000 metric tons per annum of liquefied natural gas (“LNG”) from the Southeast United States to any country located within Central America, South America, or the Caribbean with which the United States currently had, or in the future would have, a Free Trade Agreement (“FTA”) requiring the national treatment for trade in natural gas (“FTA Application”).<sup>2</sup> The

<sup>1</sup> Carib is a limited liability company wholly owned by Crowley Petroleum Services, Inc. and organized under the laws of the State of Delaware.

<sup>2</sup> See Carib Energy (USA) LLC, *Application For Long-Term Authorization To Export Liquefied Natural Gas To Free Trade Agreement Countries*, FE Docket No. 11-71-LNG (Jun. 6, 2011). On June 14, 2011, Carib submitted an amendment to its FTA Application (i) clarifying that the volume of natural gas it sought to export was approximately 11.53 billion standard cubic feet (“Bscf”) per year, which included to countries located within South

FTA Application requested that this authorization extend for a 25-year period, commencing on the earlier of the date of first export or five years from the date the requested authorization was granted. On July 27, 2011, the DOE Office of Fossil Energy (“DOE/FE”) issued Order No. 2993, granting Carib’s FTA application.<sup>3</sup>

Similarly, on October 20, 2011, pursuant to NGA Section 3 and Part 590 of the DOE’s regulations, Carib submitted an application to the DOE/FE for long-term, multi-contract authorization to export up to a total of 120,000 gallons per day of LNG to non-FTA countries for a 25-year period, commencing on the earlier of the date of first export or five years from the date the requested authorization was granted (“**Non-FTA Application**”).<sup>4</sup> On December 12, 2012, Carib submitted an amendment to its Non-FTA Application clarifying that, among other things, it intended to export up to a total of 600,000 gallons per day (365,000 MT per year) of LNG.<sup>5</sup> As discussed in the Non-FTA Application, and in its Amendment, Carib intends to export LNG purchased under a long-term purchase and sale agreement from BP Energy Company (“**BPEC**”) and will take delivery of the LNG at a storage facility being developed in Martin County, Florida—the Floridian Natural Gas Storage Company, LLC (“**Facility**”). Additionally, Carib intends to transport the LNG across the United States and abroad using approved ISO containers. Carib’s Non-FTA Application is currently pending before the DOE/FE.

As described in the Non-FTA Application and Amendment, granting this application is in the public interest. Carib therefore respectfully requests that DOE/FE process the Non-FTA Application expeditiously, and before all other pending long-term applications to export LNG to Non-FTA countries listed on DOE/FE’s existing “Order of Precedence for Processing non-FTA LNG Export Applications” (“**Order of Precedence**”). Carib provides the following reasons in support of its request.

*First*, with the recent approval of Dominion Cove Point LNG, LP’s (“**DCP**”) non-FTA application,<sup>6</sup> Carib’s Non-FTA Application is next in the queue for processing based on when Non-FTA applications were filed. Stated differently, Carib filed its Non-FTA Application before all other non-FTA applications awaiting DOE approval and, but for the Order of

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America, Central America, or the Caribbean with which the United States had free trade agreements and with which the United States did not have an FTA and (ii) stating that Carib’s mode of transportation for LNG under the requested authorization would be limited to approved ISO IMO7/TVAC-ASME LNG containers (“**ISO containers**”). See Carib Energy (USA) LLC, *Amendment to Application For Long-Term Authorization To Export Liquefied Natural Gas To Free Trade Agreement Countries*, FE Docket No. 11-71-LNG (Jun. 14, 2011).

<sup>3</sup> See Department of Energy, Office of Fossil Energy, *Order Granting Long-Term Multi-Contract Authorization To Export Liquefied Natural Gas To Free Trade Agreement Nations In Central America, South America, Or The Caribbean By Vessel In ISO Containers*, DOE/FE Order No. 2993 (Jul. 27, 2011).

<sup>4</sup> See Carib Energy (USA) LLC, *Application of Carib Energy (USA) LLC For Long-Term Authorization To Export Liquefied Natural Gas To Non-Free Trade Agreement Countries*, Docket No. 11-141-LNG (Oct. 20, 2011).

<sup>5</sup> See Carib Energy (USA) LLC, *Amendment to Application of Carib Energy (USA) LLC For Long-Term Authorization To Export Liquefied Natural Gas To Non-Free Trade Agreement Countries*, FE Docket No. 11-141-LNG (Dec. 12, 2012) (“**Amendment**”).

<sup>6</sup> See DOE/FE Order No. 3331, *Order Conditionally Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel From the Cove Point LNG Terminal to Non-Free Trade Agreement Nations*, FE Docket No. 11-128-LNG (Sept. 11, 2013) (approving DCP’s Non-FTA Application conditioned on DCP, among other things, receiving all necessary FERC approvals).



Precedence, Carib's application would be reviewed now. Further, the Order of Precedence should have no bearing on Carib's application. The Order of Precedence establishes the order in which DOE/FE will process and review pending non-FTA applications, giving priority to applications that have received by December 5, 2012, Federal Energy Regulatory Commission ("FERC" or "Commission") approval to use FERC's pre-filing process. This newly-created review process has put Carib behind several applications filed after Carib, because the Order of Precedence inappropriately characterizes Carib's application as not having received FERC approval to use FERC's pre-filing process. It is true that Carib did not file to receive approval from FERC and has not engaged in a pre-filing process, but only because Carib does not need FERC approval and thus does not need to use FERC's pre-filing process. Carib is not seeking to construct or operate an LNG export terminal. Carib intends to source the LNG under a long-term purchase and sale agreement from BPEC and take delivery of the LNG at the Facility, transporting the LNG in ISO containers via trucks.

*Second*, FERC has granted the Facility a Certificate of Public Convenience and Necessity pursuant to Section 7(c) of the Natural Gas Act,<sup>7</sup> and no modifications to the Facility are required for Carib to take delivery of the LNG. In granting the Facility's Certificate and its application to amend the authorization granted by the Commission under the Certificate,<sup>8</sup> FERC conducted a complete Environmental Impact Statement ("EIS") and Environmental Assessment ("EA").<sup>9</sup> The EIS found that the traffic generated by the authorized Facility would be minor compared to daily traffic on the road upon which the approved Facility would be built,<sup>10</sup> and the EA, after considering potential truck routes and a transportation engineering analysis to assess the level of travel and traffic that would be generated as a result of LNG trucks loading and dispatching from the Facility, concluded the Facility would not have a significant impact on transportation or traffic conditions.<sup>11</sup> In its Order Issuing Certificate, FERC determined that the "approval of the proposed amendment would not constitute a major federal action significantly affecting the quality of the human environment."<sup>12</sup> In addition to the Facility obtaining all

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<sup>7</sup> FERC authorized the Facility to construct, operate, and maintain new LNG storage and pipeline facilities under on August 29, 2008. See *Floridian Natural Gas Storage Company, LLC*, 124 FERC ¶ 61,214 (Aug. 29, 2008) ("Order Issuing Certificate"). FERC recently granted the Facility an extension of time until and including August 29, 2014, to complete construction and make the Facility available for service. See FERC, Office of Energy Projects, *Letter Order Granting Floridian Natural Gas Storage Company, LLC's Request for an Extension of Time*, Docket No. CP08-13-000 (Aug. 15, 2013).

<sup>8</sup> On August 31, 2012, FERC granted the Facility's application to amend the authorization granted by the Commission in its Order Issuing Certificate. Specifically, FERC granted the Facility's certificate amendment to utilize the truck loading station authorized under the Order Issuing Certificate to deliver LNG into trucks during the normal course of business rather than only during emergency situations. See *Floridian Natural Gas Storage Company, LLC*, 140 FERC ¶ 61,167 (Aug. 31, 2012).

<sup>9</sup> See FERC Final Environmental Impact Statement, *Floridian Natural Gas Storage Project*, Docket No. CP08-13-000; Pre-File No. PF07-03-000 (July 2008) ("EIS"); see also FERC Environmental Assessment, *Floridian Natural Gas Amendment Project*, Docket No. CP12-100-000 (July 2012) ("EA"); see also, Order Issuing Certificate at P. 20-22 (finding the proposed Facility would not significantly impact vegetation, fish, wildlife (including migratory birds), water resources, including surface and groundwater, cultural resources, geology and soils, land use, noise, historic properties, and likely would not adversely affect any federally listed threatened or endangered species).

<sup>10</sup> See EA at 3.

<sup>11</sup> See EA at 3-5.

<sup>12</sup> See Order Issuing Amendment at P. 22.

necessary FERC approvals, BPEC has provided Carib a letter representing its intent to enter into a long-term purchase and sales agreement with Carib to supply LNG.<sup>13</sup> Accordingly, if DOE/FE grants Carib's Non-FTA Application, Carib immediately could commence exporting LNG upon completion of the Facility. Unlike the other applicants listed on the Order of Precedence, Carib would not have to await further FERC approvals or authorizations.

*Third*, while Carib appreciates DOE/FE's efforts to implement its regulations in a timely and equitable manner, in fact, the result of the Order of Precedence is causing significant economic hardship to Carib. The delay in receiving the necessary approvals from DOE/FE is putting Carib at a marketing disadvantage. Carib was the first applicant at DOE to request authorization for the export of LNG in ISO containers to South and Central America and the Caribbean. Since then, other applicants have filed similar applications, also seeking to transport LNG via ISO containers to similar geographic areas. More importantly, for the past nearly three years, Carib has been marketing its prospective LNG sale and distribution solution in its target geographic markets, representing to its potential customers that it could deliver LNG to them in 2014 or 2015. As a result, certain potential customers of Carib, which have been planning to convert their facilities from diesel fuel to gas in imminent anticipation of being supplied by Carib, are delaying or forgoing such plans, or moving to alternative sources of energy. Therefore, Carib reasonably fears that it is losing credibility with its prospective customers many of whom soon will find other sources of supply, if DOE/FE does not treat Carib's application in the order in which it was received. Indeed, at least one prospective customer has found an alternative source to fulfill its supply needs given the amount of time that has lapsed since Carib filed its Non-FTA Application.<sup>14</sup> Finally, continued regulatory delay adversely affects Carib's future ability to source different LNG supplies, because there remains considerable uncertainty surrounding the timing of service by Carib to its customers.

In this light, given Carib's Non-FTA Application was received by DOE/FE before all other pending applications (requiring and not requiring FERC approval for using its pre-filing process), and in light of the economic hardship Carib would sustain as a result of continuing regulatory delay, Carib respectfully requests DOE/FE to process its application next, without regard to the Order of Precedence. Carib appreciates DOE/FE's consideration of the request described herein. Please contact the undersigned if you have any questions.

Respectfully Submitted,



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Michael A. Stosser  
Meghan R. Gruebner

*Counsel for Carib Energy (USA) LLC*

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<sup>13</sup> See Amendment, Attachment A – “BP Energy Company Letter” (representing the intent and negotiations of BPEC and Carib to enter into a long-term purchase and sale agreement for LNG).

<sup>14</sup> The prospective customer determined to meet its needs using propane rather than LNG.