

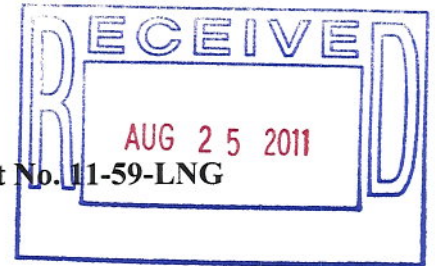
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**UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY**

Lake Charles Exports, LLC

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FE Docket No. 11-59-LNG



**ANSWER OF LAKE CHARLES EXPORTS, LLC TO
THE PROTEST OF THE AMERICAN PUBLIC GAS ASSOCIATION AND
THE COMMENT OF THE INDUSTRIAL ENERGY CONSUMERS OF AMERICA**

Pursuant to Section 590.304(f) of the Department of Energy's ("DOE") regulations, 10 C.F.R. § 590.304(f) (2011), Lake Charles Exports, LLC ("LCE") hereby submits this Answer to the Motion for Leave to Intervene and Protest ("Protest") filed by the American Public Gas Association ("APGA") and the comment in opposition ("Comment in Opposition") filed by the Industrial Energy Consumers of America ("IECA") in the above-captioned proceeding on August 10, 2011, and August 12, 2011, respectively. In support of this Answer, LCE states the following:

I.
PROCEDURAL BACKGROUND

On May 6, 2011, LCE filed an application pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. § 717b (2006), and Part 590 of the DOE regulations, 10 C.F.R. § 590, with the DOE Office of Fossil Energy ("DOE/FE") requesting long-term authorization to export liquefied natural gas ("LNG") produced from domestic sources to (1) any country with which the United States has, or in the future may enter into, a free trade agreement ("FTA") requiring national treatment for trade in natural gas, and (2) any country with which the United States does not have a FTA requiring national treatment for trade in natural gas and with which trade is not prohibited by United States law or policy ("Application"). On July 22, 2011, DOE/FE issued Order No. 2987 granting LCE long-term authorization to export LNG to any country that has or

will enter into a FTA with the United States that requires national treatment for trade in natural gas.¹

DOE/FE gave notice of LCE's Application in the Federal Register on June 13, 2011, and established August 12, 2011, as the deadline for comments on and protests to LCE's Application. Comments in support of the Application were filed by numerous local, state, and federal government officials, as well as EXCO Resources, Inc., a natural gas producer, and the Center for Liquefied Natural Gas, a trade association of LNG producers, shippers, terminal operators and developers, and energy trade associations. The APGA Protest was filed on August 10, 2011, and the IECA Comment in Opposition was filed on August 12, 2011.

II. **ANSWER TO PROTEST AND COMMENT IN OPPOSITION**

The APGA Protest and IECA Comment in Opposition largely consist of repetition of arguments made by APGA and IECA in opposition to Sabine Pass Liquefaction, LLC's ("Sabine Pass") request for authorization to export natural gas.² These arguments were rejected by DOE/FE's order authorizing LNG exports from the Sabine Pass facility³ and neither APGA nor IECA appealed that order. Under Section 3(a) of the NGA, a rebuttable presumption exists in favor of DOE/FE approval of applications to export natural gas. In light of this statutory presumption, DOE/FE's prior rejection of APGA's and IECA's arguments in Order No. 2961, and the failure of APGA and IECA to put forth the required evidence demonstrating that the requested authorization is inconsistent with the public interest, DOE/FE should grant LCE's request for authorization to export LNG to non-FTA countries.

¹ *Lake Charles Exports, LLC*, DOE/FE Order No. 2987 (July 22, 2011).

² *See Motion for Leave to Intervene Out-of-Time and Protest of the American Public Gas Association*, FE Docket No. 10-111-LNG (Mar. 4, 2011); *Motion to Intervene of Industrial Energy Consumers of America*, FE Docket No. 10-111-LNG (Dec. 13, 2010).

³ *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 2961 (May 20, 2011) ("Order No. 2961").

A. APGA and IECA Fail to Meet the Legal Standard Under NGA Section 3(a)

Pursuant to Section 3(a) of the NGA, DOE/FE “shall issue” an order authorizing natural gas exports unless it finds that the proposed exportation “will not be consistent with the public interest.” As summarized by DOE/FE in Order No. 2961, Section 3(a) “creates a rebuttable presumption that a proposed export of natural gas is in the public interest, and DOE must grant such an application unless those who oppose the application overcome that presumption.”⁴ In Order No. 2961, DOE/FE explained that in reviewing applications to export natural gas it continues to focus on:

the domestic need for the natural gas proposed to be exported; whether the exports pose a threat to the security of domestic natural gas supplies; and any other issue determined to be appropriate, including whether the arrangement is consistent with DOE’s policy of promoting competition in the marketplace by allowing commercial parties to freely negotiate their own trade arrangements.⁵

DOE/FE further relies on the criteria set forth in its 1984 Policy Guidelines,⁶ which seek to “minimize federal control and involvement in energy markets and to promote a balanced and mixed energy resource system.”⁷ The Policy Guidelines state that “[t]he market, not government, should determine the price and other contract terms of imported [or exported] natural gas.”⁸

APGA and IECA have failed to overcome the statutory presumption in favor of applications to export natural gas, especially in light of the fact that the Policy Guidelines reject

⁴ Order No. 2961 at 28.

⁵ *Id.* at 29.

⁶ Order No. 2961 at 28 (citing *Policy Guidelines and Delegation Orders Relating to the Regulation of Imported Natural Gas*, 49 Fed. Reg. 6684 (Feb. 22, 1984) (“Policy Guidelines”)). The Policy Guidelines are nominally applicable to applications to import natural gas, but DOE/FE applies the same policies to natural gas export applications. See *Phillips Alaska Natural Gas Corp. and Marathon Oil Co.*, Order No. 1473 at 14 (Apr. 2, 1999).

⁷ Order No. 2961 at 28.

⁸ Order No. 2961 at 28 (quoting Policy Guidelines).

the level of “federal control and involvement in energy markets” APGA and IECA advocate in their opposition to the Application. Furthermore, as detailed below, APGA and IECA raised essentially the same arguments in the Sabine Pass proceeding and DOE/FE rejected these arguments in Order No. 2961. To the extent APGA and IECA renew the same arguments, the Protest and Comment in Opposition to LCE’s Application amount to a collateral attack on Order No. 2961.

In its Application, LCE cited United States government data, government studies and publicly available third-party studies,⁹ and put forth a substantial analysis of the public interest factors weighing in favor of DOE/FE’s approval of LCE’s proposed exports. As they did in the Sabine Pass proceeding, APGA and IECA “have alleged a variety of negative consequences to the public interests from a grant of the requested authorizations,” but “they have not challenged the applicant’s claims” regarding the benefits of granting the requested export authorization.¹⁰ APGA and IECA fail to support their arguments “by factual studies or analyses” and “have not demonstrated that any potential negative impacts associated with a grant of the requested authorization are likely to outweigh the overall benefits from such an authorization.”¹¹ Order No. 2961 rejected this same approach by APGA and IECA, finding that it “has not been shown that a grant of the requested authorization will be inconsistent with the public interest.”¹² APGA and IECA have failed to distinguish this proceeding or the evidence presented by LCE from the Sabine Pass proceeding or the evidence on which DOE/FE based its decision in Order No. 2961, and thus APGA and IECA have not shown why DOE/FE should reverse course in this

⁹ In addition to using data from the U.S. Energy Information Administration (“EIA”), LCE relied upon and analyzed data from IHS CERA, an independent industry consultant, for demand projections (*see* Application at 11, 17) and supply cost data (*see* Application at 16, 19), and data from Advanced Resources International, Inc. (“ARI”) for cost data (*see* Application at 16) and estimates of recoverable gas resources (*see* Application at 19).

¹⁰ Order No. 2961 at 30.

¹¹ *Id.*

¹² *Id.* at 42.

proceeding. DOE/FE should once again find that the APGA and IECA arguments in opposition to the Application fail to overcome the statutory presumption in favor of granting the requested export authorization.

B. DOE/FE Previously Considered and Rejected a Majority of APGA's and IECA's Arguments

In their Protest and Comment in Opposition, APGA and IECA repeat the general theme that natural gas exports will lead to an increase in domestic natural gas prices which is inherently inconsistent with the public interest and will overly burden domestic consumers of natural gas. APGA and IECA claim that prices will rise not only because exports create greater demand for domestically produced natural gas, but because exports will link the United States natural gas market to international markets for natural gas that are often indexed to the price of oil. While neither APGA nor IECA submit any data or studies supporting this linkage or its effects,¹³ they nevertheless continue to allege that this linkage will increase domestic natural gas prices and bring instability to the currently stable domestic gas market. IECA also cites natural gas futures prices and argues that gas prices are already expected to increase even without factoring in greater demand from exports.¹⁴ APGA makes a general assertion that DOE/FE “should not pursue policies that directly increase natural gas commodity prices for American consumers”¹⁵

Order No. 2961 rejected these arguments. As in the prior proceeding, APGA and IECA “have not explained why or how the export activity would cause the international price to be adopted within the well-supplied domestic natural gas market.”¹⁶ DOE/FE rejected APGA's and

¹³ In contrast, see pages 15 through 20 of LCE's Application, analyzing EIA, IHS CERA, and ARI data and conducting a conservative analysis of the future cost of natural gas supply.

¹⁴ *Id.*

¹⁵ Protest at 8.

¹⁶ Order No. 2961 at 34.

IECA's arguments regarding increased gas prices resulting from greater LNG exports in finding that the projected increase in gas prices from additional exports of natural gas "reflects increasing marginal costs of additional domestic production for LNG exports,"¹⁷ consistent with LCE's analysis in the Application.¹⁸ DOE/FE "[did] not find that the price increase is due to an alleged convergence of domestic natural gas prices with prices in certain international markets where the price of natural gas is linked to the price of oil"¹⁹

Once again, APGA's and IECA's "arguments are not supported by factual studies or analyses" and they "have not demonstrated that any potential negative impacts associated with a grant of the requested authorization are likely to outweigh the overall benefits"²⁰ from granting LCE the requested export authorization.²¹ Rather, APGA and IECA assert without support that prices will increase generally, that when gas prices have increased in the past certain economic ills have occurred,²² and that any price increase is inherently not in the public interest. In contrast, LCE relied on multiple studies and thoroughly explained its analysis showing that

¹⁷ Order No. 2961 at 29–30.

¹⁸ Application at 16–18. IECA argues that LCE's data "shows steady increasing marginal costs of production," and that therefore "exporting natural gas sends our lowest priced gas overseas and accelerates the point in time that lower priced" gas is gone. Comment in Opposition at 3. LCE provided a cost curve showing the estimated marginal cost of production for the entire technically recoverable resource base. Not surprisingly, the curve shows that some resources have lower marginal costs than others. However, as discussed further below, IECA does not address LCE's analysis that the long-run cost curve for natural gas production is relatively flat under any reasonable demand scenario and that increasing demand from current levels results in only a slight increase in the marginal costs of production. See *infra* notes 26–32 and accompanying text.

¹⁹ Order No. 2961 at 29–30.

²⁰ *Id.* at 30.

²¹ See Order No. 2961 at 38 ("The opponents of the requested authorization have not submitted evidence sufficient to rebut [the economic benefits cited by the applicant]. Nor have they provided an analysis or data demonstrating a negative impact from the proposed export on any specific economic factors or other public interest considerations within the United States. ... Overall, therefore, we find that the applicant has submitted substantial evidence of economic and public benefits whereas the opponents of the authorization have not supported a finding that the requested authorization is inconsistent with the public interest.")

²² IECA argues that higher natural gas prices between 2000 and 2008 coincided with job losses and the closing of manufacturing facilities. However, IECA's only support is a chart showing gas prices against various pieces of manufacturing data. IECA provides no analysis demonstrating that higher natural gas prices uniquely caused these effects as opposed to other potential causes such as decreased demand for manufactured products. As found by DOE/FE in Order No. 2961 with respect to IECA's arguments against Sabine Pass' request for export authorization, IECA again fails to provide factual studies or analyses to contradict LCE's analysis on the effect of natural gas exports on natural gas prices and the overall economy.

exports of LNG will not have a material impact on domestic natural gas prices.²³ LCE explained how the requested export authorization will benefit local, regional and national economies.²⁴ IECA's charts showing increases in natural gas prices from 1999 through 2007 in relation to other macroeconomic statistics, which IECA offers to show that proposed exports will harm manufacturing, prove nothing. The mere fact that two events have happened at the same time does not establish causation, and IECA offers nothing to establish such a causal linkage.²⁵ The only evidence in the record shows that LCE's proposed exports will not have a material effect on natural gas prices.²⁶ LCE's estimate of the price impact of exports appears even less material in light of the significant swings in natural gas prices shown in the recent historical data submitted by IECA.

Both APGA and IECA also continue to attempt to undermine the natural gas supply data relied upon by LCE in its Application, but present no contrary studies or evidence regarding gas supply. Neither APGA nor IECA argued that LCE's proposed incremental increase in natural gas exports in any way distinguishes LCE's application for export authorization from the Sabine Pass proceeding. Rather, the record fully supports that LCE's proposed additional exports present no threshold level of concern. Unlike APGA and IECA, LCE provided detailed analyses of projected natural gas supply²⁷ and demand, including an analysis of the cumulative effect of

²³ Application at 13–20 (providing detailed analysis of natural gas prices and citing data from the Energy Information Administration (“EIA”), IHS CERA, internal analysis conducted by BG North America, LLC (“BGNA”) a parent company of LCE, and Advanced Resources International, Inc. (“ARI”).

²⁴ Application at 20–22 (demonstrating that natural gas exports will spur the development of new natural gas resources that might not otherwise be brought to market, create new jobs for American workers, enhance the tax base, and positively impact the U.S. balance of trade). *See also ConocoPhillips Company*, FE Docket No. 09-92-LNG, Order No. 2731 at 10 (Nov. 30, 2009); *Cheniere Marketing, Inc.* FE Docket No. 08-77-LNG, Order No. 2651 at 14 (June 8, 2009) (“[M]itigation of balance of payments issues may result from a grant of the [export] application.”).

²⁵ IECA's charts exclude data after 2007, which would show considerable weakness in the manufacturing sector in conjunction with a significant *decrease* in natural gas prices.

²⁶ *See, e.g.*, Application at 18 (estimating LCE's proposed exports will result in a price increase of only \$0.22/mmbtu under the conservative “high LNG export case”).

²⁷ Application at 8–10.

LNG exports authorized or potentially authorized by DOE/FE in addition to the export authorization requested by LCE.²⁸

APGA and IECA specifically attempt to indict the EIA estimates of U.S. shale gas reserves by citing various uncertainties in the data and in the regulatory future of shale gas production.²⁹ IECA argues that the EIA demand and price data do not incorporate specific regulations or possible legislation that “could have a dramatic impact on supply, demand and price.”³⁰ Importantly, IECA does not argue that the regulations and possible legislation necessarily mean that LCE’s proposed exports would “have a dramatic impact on supply, demand and price,” just that the regulations and legislation themselves could have such an impact. IECA, moreover, fails to quantify this impact or provide any evidence to contradict LCE’s extensive analysis based on EIA, IHS CERA, and ARI data, which estimates the effect of LCE’s proposed exports on demand and prices through a natural gas resource cost curve.³¹ At most, IECA’s arguments would shift total demand on the cost curve constructed by LCE but would not undermine the curve itself. More importantly, while IECA does not quantify the “dramatic impact” of the regulations and legislation it cites, given the relatively flat long-run cost curve for natural gas production, the record shows that shifting total demand on the cost curve likely would have little effect on natural gas prices, and in any event, additional exports would have a similar effect on prices regardless of the starting place on the cost curve.³²

Despite any uncertainty cast on the EIA data by APGA and IECA, the data relied upon by LCE, which is more extensive than the EIA supply, demand, and price data, is the only data available in the record. Also, as noted in the Application, “uncertainty regarding the total

²⁸ Application at 10–13.

²⁹ Protest at 9–12; Comment in Opposition at 2–3.

³⁰ Comment in Opposition at 2.

³¹ Application at 16–20.

³² *See id.*

volume of U.S. recoverable resources will decrease over time as technically recoverable resources are delineated and become proved reserves.”³³ More importantly, Order No. 2961 expressly acknowledged the inherent uncertainties in gas supply data covering lengthy periods extending into the future,³⁴ but addressed this issue by taking administrative notice of ongoing review activities by DOE and other federal agencies into the environmental and safety consequences of shale gas production and by committing to monitor future conditions to ensure that exports of LNG authorized by DOE/FE “do not subsequently lead to a reduction in the supply of natural gas needed to meet essential domestic needs.”³⁵ APGA states this commitment reflects an “insouciant approach to whether adequate gas supply exists to satisfy both domestic needs” and LNG exports.³⁶ But APGA ignores DOE/FE’s finding that sufficient evidence does exist regarding the supply of natural gas³⁷ and APGA puts forth no contradictory evidence regarding gas supply, instead relying on criticism of the only data presented to DOE/FE. It is also noteworthy that since Order No. 2961 was issued, the Shale Gas Subcommittee of the

³³ Application at 10. IECA argues that the natural gas rig count is down from its peak in August 2010, and claims that “industry data shows” that the rig count is “in a downward trend which places the LCE adequacy of supply in question.” Comment in Opposition at 3. IECA does not cite any specific “industry data” for this trend and, more importantly, ignores the connection between natural gas demand and the natural gas rig count. Assuming IECA is correct that the rig count is down, the rig count is down due to depressed natural gas prices, which confirms that drilling is responsive to demand and price. This connection shows that the industry is able to quickly increase or decrease production as needed and that the rig count will increase as needed in order to produce the quantity of gas demanded.

³⁴ See, e.g., Order No. 2961 at 31 (“[N]o person can unqualifiedly warrant either that the present conditions that have yielded substantial new gas reserves (e.g., from advances in gas drilling technologies applied to domestic shale deposits) or the resulting projections of continuing supply increases contained in the studies presented by the applicant, will prove completely accurate over the entire 20-year projected term of the requested authorization.”)

³⁵ *Id.* at 32.

³⁶ Protest at 16.

³⁷ See Order No. 2961 at 31 (“The natural gas supply/demand studies submitted by the applicant indicate that the existing and future supply of domestic natural gas is sufficient to simultaneously support the proposed LNG export volumes as well as domestic natural gas demand over the 20-year term of the authorization. The interveners and commenters did not submit studies or material evidence to support a contrary conclusion. The fact that neither IECA nor APGA offered a rebuttal study of the effects of the authorization on domestic natural gas supply, demand, and/or price over the requested 20-year term fails to support their claims that the requested authorization will not be consistent with the public interest.”); see also Order No. 2961 at 7–15 (analyzing supply data provided by Sabine Pass, including publicly available data and data available from reports commissioned by Sabine Pass from ARI and Navigant Consulting, Inc.).

Secretary of Energy Advisory Board issued its Ninety-Day Report, which provided a list of measures that, if implemented, “will give the public reason to believe that the nation’s considerable shale gas resources are being developed in a way that is most beneficial to the nation.”³⁸ DOE/FE’s monitoring approach is consistent with both the record before it and subsequent developments regarding the United States gas supply. Neither APGA nor IECA have presented contradictory evidence to meet their burden in this proceeding and overcome the statutory presumption favoring export authorizations.

A related issue raised by APGA and IECA is the question of whether authorizing additional LNG exports will adversely affect the United States’ energy security. Order No. 2961 also rejected this argument, relying on its finding that “the evidence does not show a present or likely future threat to energy security in relation to the adequacy of domestic natural gas supplies,” and noting that Sabine Pass, like LCE,³⁹ argued that LNG exports will “encourage domestic production [of natural gas] at times when U.S. market prices might not otherwise do so.”⁴⁰ DOE/FE noted that “[o]verall,” this increased production that “could be used for domestic requirements if market conditions warrant such use,” would “tend to enhance U.S. domestic energy security.”⁴¹

APGA and IECA also tie the issue of energy security to the need to diminish imports of foreign oil and the United States’ reliance on such imports. However, DOE/FE was “not persuaded” by the argument that “consumption of domestically produced natural gas within the United States would displace the consumption of oil.”⁴² The argument made by APGA and IECA is based on the erroneous premise that oil and natural gas are in any material respect

³⁸ See SEAB Shale Gas Production Subcommittee, *Ninety-Day Report* at 33 (Aug. 11, 2011).

³⁹ Application at 20.

⁴⁰ Order No. 2961 at 35.

⁴¹ *Id.*

⁴² Order No. 2961 at 36.

substitutes for each other; in Order No. 2961 DOE/FE found that they are not.⁴³ As further addressed below, APGA and IECA seem to request that DOE/FE force the creation of a natural gas-driven transportation sector. The affiliates of LCE involved in natural gas exploration, production, transportation, and storage would welcome the resulting increase in domestic demand for natural gas. Such an increase in domestic demand, however, would not crowd out exports as the evidence in the record shows that there is sufficient domestic natural gas supply to support increased domestic demand as well as export demand. More importantly, government action blocking exports of natural gas and somehow forcing “replacement of current gasoline-powered fleets with natural gas vehicles (and support infrastructure)”⁴⁴ would be inconsistent with the DOE/FE’s view that one of the “goals of the Policy Guidelines [is] to minimize federal control and involvement in energy markets.”⁴⁵ In fact, the export of LNG will reduce reliance on foreign oil, since as DOE/FE has recognized, and neither APGA nor IECA have disputed, “the production of natural gas within the United States will yield certain natural gas liquids that will in part offset the need to import oil.”⁴⁶

C. APGA Fails to Address Adequately the Findings in Order No. 2961

Recognizing that DOE/FE has previously rejected APGA’s arguments in opposition to the Application, APGA attempts to address Order No. 2961 directly to resurrect the arguments DOE/FE found unpersuasive. APGA points out that Sabine Pass relied on the same “shale revolution” argument as put forth by LCE, but that the actual quantity of recoverable natural gas from shale gas reserves is unknown. APGA also cites passages from current EIA studies and relies on future environmental studies to cast doubt on gas supply data. But APGA does not

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Id.

⁴⁴

Protest at 6.

⁴⁵

Order No. 2961 at 28.

⁴⁶

Order No. 2961 at 36.

rebut Order No. 2961 because it still does not put forth a new argument, study, or evidence addressing DOE/FE's decision that, despite such uncertainty, gas supply data coupled with monitoring of future supply and demand conditions is sufficient to ensure the exportation of natural gas is not inconsistent with the public interest.

Instead, APGA argues that authorizing LNG exports given the uncertainty regarding natural gas supplies amounts to "proceeding on a wish and a promise."⁴⁷ APGA reasons that "[a]pproving LNG export applications without adequate evidence that there is more than ample gas to address growing domestic needs is the antithesis of reasoned decision-making." APGA once again ignores DOE/FE's finding that sufficient evidence exists regarding the supply of natural gas.⁴⁸ Moreover, APGA's argument here turns the legal standard under Section 3(a) of the NGA on its head and would place a high burden on LCE to prove that the extensive supply data available is completely accurate and thus LNG exports are in the public interest. Contrary to APGA's efforts, the burden is on APGA and IECA to show the proposed exports are not consistent with the public interest. As recognized by IECA,⁴⁹ short of Congressional action the legal standard applicable to LCE's application cannot be changed, and DOE/FE must grant the requested export authorization unless APGA or IECA is able to demonstrate such authorization is not consistent with the public interest. APGA's and IECA's efforts to make such a demonstration have already been rejected in Order No. 2961, neither APGA nor IECA appealed Order No. 2961, and neither APGA nor IECA have shown any change in circumstances that would warrant a departure from the precedent established in that order.

⁴⁷ Protest at 16.

⁴⁸ See *supra* note 33.

⁴⁹ Comment in Opposition at 2.

D. Technology Exports Are Not an Alternative to the LCE Application

In opposing LCE's Application, both APGA and IECA argue that DOE/FE should reject LCE's request for authorization to export natural gas and instead adopt a policy favoring domestic consumption of natural gas and the exportation of shale gas drilling technology in lieu of exporting domestically produced shale gas. APGA argues that if shale gas supply data is accurate, it supports a conclusion that world-wide shale gas resources are plentiful and, rather than exporting United States gas, shale gas reserves world-wide should be accessed via technology developed in the United States.⁵⁰

This argument fails on both a theoretical and a practical level. First, if shale gas reserves are plentiful world-wide, then the availability of such gas internationally will undermine the economic incentive to export LNG from the United States and the natural gas exports with which APGA and IECA are so concerned will not come to fruition. Second, APGA is requesting DOE/FE adopt a policy which is not only outside of its general authority but contrary to the Policy Guidelines. It is not the role of DOE/FE in administering Section 3 of the NGA to restructure how energy resources are consumed in the United States or to advocate for specific technology exports. Moreover, it is neither DOE/FE's role nor intent to intervene in the marketplace to direct the outcome desired by APGA and IECA. Rather, DOE has a policy of "promoting competition in the marketplace by allowing commercial parties to freely negotiate their own trade arrangements,"⁵¹ and has determined that the "market, not government, should determine the price and contract terms of imported [or exported] natural gas."⁵²

Evaluating whether to export drilling technology instead of exporting natural gas is outside the scope of this proceeding and inconsistent with DOE/FE's goal of "minimiz[ing]

⁵⁰ Protest at 17.

⁵¹ Order No. 2961 at 29.

⁵² *Id.* at 28 (citing the Policy Guidelines, 49 Fed. Reg. 6684 (Feb. 22, 1984)).

federal control and involvement in energy markets.”⁵³ What APGA and IECA advocate would amount to a new federal policy, *i.e.*, that the United States should suppress domestic economic development, employment, manufacturing and tax revenues by prohibiting exports of goods in favor of exports of intellectual property, so that economic development, employment and manufacturing can occur elsewhere.

III. CONCLUSION

For the foregoing reasons, Lake Charles Exports, LLC respectfully requests that DOE/FE reject the arguments set forth in the APGA Protest and IECA Comment in Opposition and find that granting the remaining authorization requested in LCE’s May 6, 2011, Application to enable LCE to export domestically produced LNG from the Lake Charles LNG terminal to any country with which trade is not prohibited by U.S. law or policy is not inconsistent with the public interest.

Respectfully submitted,



David T. Andril
John S. Decker
Vinson & Elkins L.L.P.
Attorneys for BG LNG Services, LLC
Member of Lake Charles Exports, LLC

James F. Moriarty
Locke Lord Bissell & Liddell LLP
Attorney for Southern Union Company
Member of Lake Charles Exports, LLC

Dated: August 25, 2011

⁵³ *Id.*

Appendix A

VERIFICATION

State of Texas)

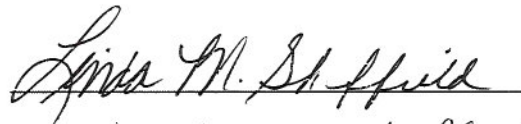
County of)

BEFORE ME, the undersigned authority, on this day personally appeared John S. Decker, who, having been by me first duly sworn, on oath says that he is an Attorney for BG LNG Services, LLC, a member of Lake Charles Exports, LLC, and is duly authorized to make this Verification on behalf of Lake Charles Exports, LLC; that he has read the foregoing instrument and that the facts therein stated are true and correct to the best of his knowledge, information and belief.



John S. Decker

SWORN TO AND SUBSCRIBED before me on the 25th day of August, 2011.



Name: Linda M. Sheffield

Title: Notary Public

LINDA M. SHEFFIELD
Notary Public, District of Columbia
My Commission Expires May 31, 2016

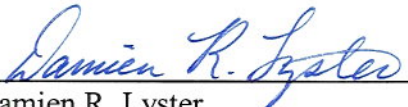
My Commission expires:

May 31, 2014

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, DC this 25th day of August, 2011.


Damien R. Lyster