September 21, 2012

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

Rec'd 9/21/12 FE/DOE

Re: CE FLNG, LLC 12-123-LNG
FE Docket No. _________
Application For Long-Term Multi-Contract Authorizations To Export Liquefied Natural Gas To Free Trade Agreement and Non-Free Trade Agreement Nations

Dear Mr. Anderson:

We hereby submit, on behalf of CE FLNG, LLC ("CE FLNG'"), one original and three copies of an application ("Application") for long-term multi-contract authorizations to export, on its own behalf and as agent for others, up to a total of 8 million metric tons per annum (amounting to approximately 389.6 billion cubic feet ("bcf") of natural gas per year or 1.07 bcf per day) of domestically produced liquefied natural gas ("LNG") for a thirty year period commencing the earlier of the date of first export or ten years from the date each requested authorization is granted.

CE FLNG is seeking separate long-term multi-contract authorizations to export from its proposed CE FLNG Terminal to be located in Plaquemines Parish, Louisiana to (1) any nation that currently has or that develops the capacity to import LNG via ocean-going carrier and with which the United States currently has, or in the future may enter into, a Free Trade Agreement ("FTA") requiring national treatment for trade in natural gas or LNG and (2) any nation with which the United States does not have a FTA ("non-FTA") requiring national treatment for trade in natural gas or LNG with which trade is not prohibited by United States law or policy.

Enclosed is a check in the amount of $50.00, the applicable filing fee.

Respectfully submitted,

By: /s/ Justin S. Mann
General Counsel
CE FLNG, LLC
1051 Parkside Commons, Suite 102
Greensboro, GA 30642
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Enclosures

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

CE FLNG, LLC **Docket No. ____________**

APPLICATION OF CE FLNG, LLC
FOR LONG-TERM MULTI-CONTRACT AUTHORIZATIONS TO EXPORT LIQUEFIED NATURAL GAS TO FREE TRADE AGREEMENT AND NON-FREE TRADE AGREEMENT NATIONS

Communications regarding this application should be addressed to:

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UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

In the Matter of:	)	
	)	**Docket No. ____________**
CE FLNG, LLC	)	

APPLICATION FOR LONG-TERM MULTI-CONTRACT AUTHORIZATIONS TO EXPORT LIQUEFIED NATURAL GAS TO FREE TRADE AGREEMENT AND NON-FREE TRADE AGREEMENT NATIONS

Pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C.717b, and Part 590 of the regulations of the Department of Energy ("DOE"), 10 C.F.R. § 590, CE FLNG, LLC ("CE FLNG") submits this application ("Application") to the DOE Office of Fossil Energy ("DOE/FE") for long-term multi-contract authorizations to export, on its own behalf and as agent for others, up to a total of 8 million metric tons per annum (amounting to approximately 389.6 billion cubic feet of natural gas per year or 1.07 bcf per day) of domestically produced liquefied natural gas ("LNG") for a thirty year period commencing the earlier of the date of first export or ten years from the date each requested authorization is granted.

CE FLNG seeks separate multi-contract authorizations to export domestically-produced LNG from the terminal it intends to construct, own, and operate in Plaquemines Parish, Louisiana ("CE FLNG Terminal"), to (1) any nation with which the United States currently has, or in the future may enter into, a Free Trade Agreement ("FTA") requiring national treatment for trade in natural gas or LNG[1] and (2) any nation with which the United States does not have a FTA ("non-FTA") requiring national treatment for trade in natural gas or LNG with which trade is not prohibited by United States law or policy. CE FLNG is requesting these separate authorizations both on its own behalf and as agent for other parties who

[1] The United States currently has FTAs requiring national treatment for trade in natural gas and LNG with Australia, Bahrain, Canada, Colombia, Chile, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Korea, Mexico, Morocco, Nicaragua, Oman, Peru, and Singapore. As DOE/FE has noted in prior orders, existing FTAs with Costa Rica and Israel do not require national treatment for trade in natural gas. The Panama FTA has been approved by Congress but has not been implemented.

themselves hold title to the LNG at the time of export. In support of this Application, CE respectfully states the following:

I. DESCRIPTION OF THE APPLICANT AND LNG FACILITY

The exact legal name of the applicant is CE FLNG, LLC ("CE FLNG"). CE FLNG is a limited liability company formed under the laws of Delaware with its principal place of business at 1051 Parkside Commons, Suite 102, Greensboro, Georgia 30642. CE FLNG is a subsidiary of Cambridge Energy Holdings, LLC ("CEH") which is owned by Cambridge Energy Group Limited ("CEGL"). CE FLNG's affiliate Cambridge Energy, LLC ("CE") is a marketer of natural gas and currently has authorization to import and export LNG under Order 2991;[2] CE was previously granted blanket authorization to import and export natural gas from and to Canada and Mexico, to export LNG to Canada and Mexico by vessel, to import LNG from Mexico by Truck, and to import LNG from various international sources by vessel up to the equivalent of approximately 48 billion cubic feet over a 2-year term, beginning on July 26, 2011.

II. COMMUNICATIONS

All communications and correspondence regarding this Application should be directed to the following persons:

Sherman Bryant
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[2] *Order Granting Blanket Authorization to Import and Export Natural Gas from and to Canada and Mexico, to Export Liquefied Natural Gas to Canada and Mexico by Vessel, to Import Liquefied Natural Gas from Mexico by Truck, and to Import Liquefied Natural Gas from Various International Sources by Vessel*, FE DOCKET NO. 11-88-NG, DOE/FE ORDER NO. 2991; July 25, 2011.

III. AUTHORIZATIONS REQUESTED

CE FLNG requests long-term multi-contract authorizations to export up to a total of 8 million metric tons per annum (amounting to approximately 389.6 billion cubic feet of natural gas per year or 1.07 bcf per day) of domestically produced liquefied natural gas ("LNG") for a thirty year period commencing the earlier of the date of first export or ten years from the date the requested authorization is granted. CE FLNG is separately requesting (1) authorization to export to any nation with which the United States currently has, or in the future may enter into, an FTA requiring national treatment for trade in natural gas and (2) authorization to export to any nation with which the United States does not have a FTA requiring national treatment for trade in natural gas with which trade is not prohibited by United States law or policy. CE FLNG is requesting these authorizations both on its own behalf and as agent for other parties who themselves hold title to the LNG at the time of export.

CE FLNG is currently developing plans to construct nearshore facilities in Plaquemines Parish, Louisiana to permit LNG to be loaded from storage tanks onto vessels to be berthed at the marine facility. The long-term multi-contract authorizations sought in this application are necessary in order to permit CE FLNG to proceed to incur the substantial cost of developing the liquefaction and export project. Construction and any modifications to the CE FLNG Terminal would be subject to FERC approval.

IV. DESCRIPTION OF CE FLNG TERMINAL

In this Application, CE FLNG seeks long-term multi-contract authorizations to export domestically produced LNG from the CE FLNG Terminal to be constructed under authorization of Section 3 of the NGA. CE FLNG is finalizing the design of natural gas processing and liquefaction facilities to receive and liquefy domestic natural gas at the proposed CE FLNG Terminal (the "Project"). The Project facilities will consist of two floating liquefaction, storage and offloading ("FLSO") units, each capable of producing up to 4 MTPA of LNG for a total capacity of 8 MTPA of LNG. The units will have an LNG storage capacity of 250,000 m^3. Each FLSO unit will be capable of limited natural gas treatment, liquefaction, and capability to export LNG to off-taking LNG carriers utilizing ship-to-ship process. The Project facilities would permit natural gas to be received by pipeline at the CE FLNG Terminal, liquefied, and loaded from the FLSO unit's storage tanks onto LNG carriers berthed alongside. CE FLNG will construct, own, and operate the terminal.

V. EXPORT SOURCES

CE FLNG seeks long-term multi-contract authorizations to export natural gas available in the United States natural gas pipeline system. The source of natural gas supply will come from the interstate grid at different liquidity points. The pipeline infrastructure will be expanded and extended to connect to the proposed CE FLNG Terminal allowing CE FLNG and its customers to purchase gas for export from any point in the U.S. interstate pipeline system. As the CE FLNG Terminal will connect to the Tennessee 500 leg, SONAT, Transcontinental, and Gulf South pipelines (interstate) and several intrastate pipelines in Louisiana, CE FLNG anticipates that it will need to extend pipeline approximately 100 miles to connect to the terminal.

CE FLNG anticipates that sources of natural gas will include Texas and Louisiana producing regions and the offshore gulf producing regions, with CE FLNG's primary source of natural gas coming from the Gulf of Mexico rather than from shale gas plays. The Gulf region is projected to continue to have plentiful production and remain one of the lowest cost regions in North America.[3]

This supply will be sourced in large volumes in the spot markets, in medium term markets or pursuant to long-term arrangements, for the account of CE FLNG or third party customers of CE FLNG.

[3] Deloitte Center for Energy Solutions and Deloitte MarketPoint LLC, *Made in America – The Economic Impact of LNG Exports from the United States*, *available at* http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/Energy_us_er/us_er_MadeinAmerica_LNGPaper_122011.pdf.

VI. PUBLIC INTEREST

CE FLNG's requested authorizations as described herein are not inconsistent with the public interest and should be granted by DOE/FE under the individual statutory provisions that apply separately to exporting LNG to FTA and non-FTA nations.

A. FTA Nations

NGA Section 3(c), as amended by Section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486), provides that:

> [T]he 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.[4]

Under this statutory presumption, that portion of this Application that seeks to export LNG to nations with which the United States currently has, or in the future may enter into, an FTA requiring national treatment for trade in natural gas, shall be deemed to be consistent with the public interest and should be granted by DOE/FE without modification or delay. DOE/FE promptly grants authorization for export to FTA nations under statutory requirement.[5]

B. Non-FTA Nations

Section 3(a) of the NGA sets forth the general standard for review of export applications:

> [N]o person shall export any natural gas from the United States to a foreign country or import any natural gas from a foreign country without first having secured an order of the [Secretary of Energy authorizing it to do so. The [Secretary] *shall issue* such order upon application, *unless*, after opportunity for hearing, [the Secretary] finds that the proposed exportation or importation will not be consistent with the public interest. The [Secretary] may by [the Secretary's] order grant such application, in whole or in part, with such modification and upon such terms and conditions as the [Secretary] may find necessary or appropriate.[6]

[4] 15 U.S.C. § 717b(c) (2009).

[5] Consolidated Edison Company of New York and Orange and Rockland Utilities, Inc., DOE/FE Order No. 2894 (Dec. 21, 2010); El Paso Marketing, L.P., DOE/FE Order No. 2895 (Dec. 21, 2010); Arizona Public Service Company, DOE/FE Order No. 2893 (Dec. 17, 2010); Selkirk Cogen Partners, L.P., DOE/FE Order No. 2892 (Dec. 17, 2010); Energia De Baja California, S De. R. L. De C.V., DOE/FE Order No. 2867 (Oct. 19, 2010); Sabine Pass Liquefaction, LLC, DOE/FE Order No. 2833 (Sept. 7, 2010).

[6] 15 U.S.C. § 717b(a) (2009) (emphasis added). This authority has been delegated to the Assistant Secretary for Fossil Energy pursuant to Redelegation Order No. 00-002.04D (Nov. 6, 2007).

According to the DOE/FE, "[applying the foregoing statutory language, DOE has consistently ruled that Section 3(a) of the NGA creates a rebuttable presumption that proposed exports of natural gas are in the public interest."[7] To overcome this rebuttable presumption an opponent must affirmatively demonstrate that the proposal is inconsistent with the public interest.[8]

In evaluating the "public interest" the DOE/FE, consistent with its Policy Guidelines and Delegation Orders Relating to the Regulation of Imported Natural Gas, examines whether "domestic supply shortages or domestic security needs overcome the statutory presumption that a proposed export is not inconsistent with the public interest."[9] While the Policy Guidelines deal specifically with imports, the DOE/FE has found that the principles are applicable to exports.[10] The Policy Guidelines are intended to promote free and open trade by minimizing federal government interference:

> The market, not government, should determine the price and other contract terms of imported [or exported] gas… . The federal government's primary responsibility in authorizing imports [or exports] should be to evaluate the need for the gas and whether the import [or export] arrangement will provide the gas on a competitively priced basis for the duration of the contract while minimizing regulatory impediments to a freely operating market.[11]

DOE/ FE recently affirmed that "the principal focus of this agency's review of export applications in decisions under current delegated authority has continued to be the domestic need for the natural gas proposed to be exported, and any other factors to the extent

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[7] *Sabine Pass Liquefaction, LLC,* FE Docket 10-111-LNG, Opinion and Order Denying Request for Review Under Section 3(c) of the NGA (Oct. 21, 2010) ("Sabine Section 3(c) Order"); *see also Panhandle Producers and Royalty Owners Assoc. v. ERA*, 822 F.2d 1105, 1111 (D.C. Cir. 1987) ("A presumption favoring import authorization then is completely consistent with, if not mandated by, the statutory directive.").
[8] Sabine Section 3(c) Order at 5; *see also Phillips Alaska Natural Gas Corp. and Marathon Oil Co.*, DOE/FE Order No. 1473 (April 2, 1999) ("Section 3 creates a statutory presumption in favor of approval of an export application and the Department must grant the requested export [application] unless it determines the presumption is overcome by evidence in the record of the proceeding that the proposed export will not be consistent with the public interest.").
[9] Sabine Section 3(c) Order at 5; Policy Guidelines and Delegation Orders Relating to the Regulation of Imported Natural Gas, 49 Fed. Reg. 6,684 (Feb. 22, 1984) ("Policy Guidelines").
[10] *Phillips Alaska Natural Gas Corp. and Marathon Oil Co.*, DOE/FE Order No. 1473 at 14.
[11] Policy Guidelines at 6685.

they are shown to be relevant to a public interest determination."[12] As demonstrated herein, CE FLNG's application is not inconsistent with the public interest.

(i) Domestic Need for the Natural Gas Proposed to be Exported

The main focus of the DOE/FE's public interest analysis has been the projected domestic need for the gas to be exported. Domestic need can be measured by looking at domestic natural gas supply versus natural gas demand. DOE/FE has historically compared the total volume of natural gas reserves and recoverable resources available to be produced during the proposed export period to total gas demand during the export period to determine whether there is a domestic need for the gas to be exported.[13]

It is CE FLNG's view that recoverable natural gas resources in the U.S. are abundant, cheap and sufficient to meet demand for domestic consumption and CE FLNG's proposed export over the long-term. It is also CE FLNG's belief that exports will not cause a significant increase in domestic natural gas prices. Accordingly, the proposed export authorizations will not have a detrimental impact on the domestic supply of natural gas and, therefore, are not inconsistent with the public interest.

(1) Domestic natural gas supply

Improvements in natural gas exploration and production technology have led to discoveries of significant reserves of shale gas. As a result, assessments of the US recoverable natural gas resource base have generally continued to be revised higher. Although lower than EIA's estimate in 2011, the EIA currently estimates 2,203 tcf of technically recoverable gas in the US.[14] The volume of exports is relatively small compared to the entire size of the US supply.

As indicated in Deloitte MarketPoint's analysis in a report, the assumed volume of exports is insignificant compared to total US resource potential.[15] This conclusion is based on supply data from

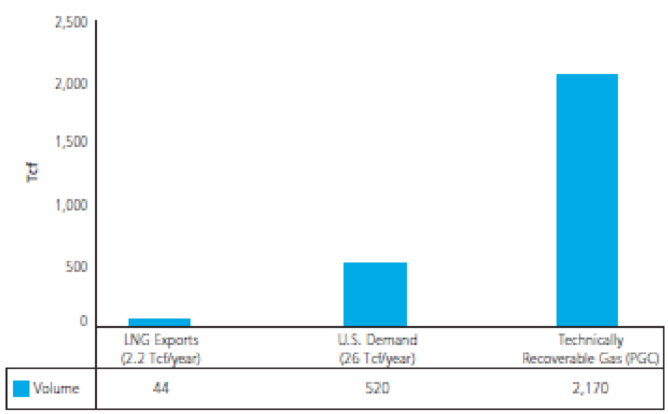
[12] Sabine Section 3(c) Order at 6.
[13] *Phillips Alaska Natural Gas Corp. and Marathon Oil Co.*, DOE/FE Order No. 1473 at pp. 29, 40, 46.
[14] FREQUENTLY ASKED QUESTIONS: How much natural gas does the United States have and how long will it last?, available at http://www.eia.gov/tools/faqs/faq.cfm?id=58&t=8.
[15] Deloitte Center for Energy Solutions and Deloitte MarketPoint LLC, *Made in America – The Economic Impact of LNG Exports from the United States*, *available at* http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/Energy_us_er/us_er_MadeinAmerica_LNGPaper_122011.pdf.

public available documents and discussions with credible sources including the United States Geological Survey, National Petroleum Council, Potential Gas Committee, and the Department of Energy's EIA. The report found that there are sufficient volumes of domestic natural gas for both domestic consumption and LNG exports.[16] While report's analysis is based on export amounts of 6 bcf (.006 tcf) per day and relies on the EIA's 2011 Annual Energy Outlook, CE FLNG believes that the amounts being considered for export would not have a significant impact on supply.

(2) Domestic natural gas demand

Domestic natural gas demand is the second component in the DOE/FE's analysis. The export of domestic LNG, as proposed by CE FLNG, should be considered to be in the public interest as U.S. natural gas available for supply, as estimated by the Potential Gas Committee ("PGC") far exceeds US demand and LNG exports combined, as shown in Figure 12.

Figure 12: Comparison of volumes



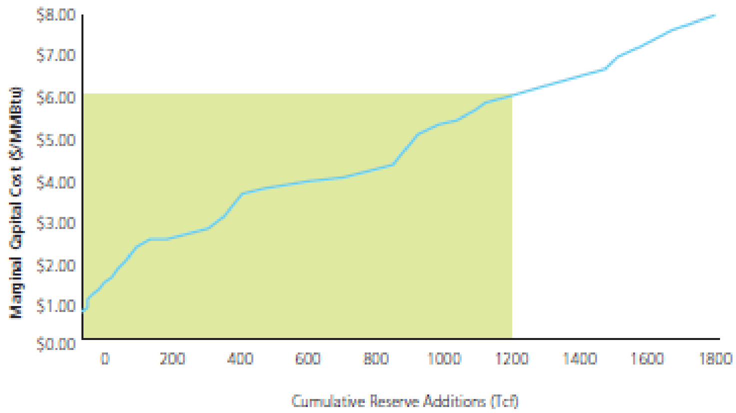
EIA estimates that domestic natural gas demand will grow from 24.1 tcf per year in 2010 to 26.6 tcf per year in 2035.[17] The EIA demand projection does not include an estimate of LNG exports. The authorizations requested by CE FLNG hereunder would increase demand by a maximum of 1.07 bcf per day (.00107 tcf per day) from 2017 through 2047.

The domestic gas resource base, represented by the supply curve in Figure 13, is estimated to be adequate to supply projected demand levels for at least 50 years at moderate prices.[18] The volume

[16] *Id.*
[17] U.S. Energy Information Administration, Annual Energy Outlook 2012, Table 13 Natural Gas Supply, Disposition, and Prices (June 2012) *available at* http://www.eia.doe.gov/forecasts/aeo/taables_ref.cfm.
[18] Id.

of LNG exports represents a relatively small increment to the total demand.[19]

Figure 13. U.S. supply curve



As demonstrated by the foregoing analysis, the natural gas to be exported pursuant to this application will not be needed to meet demand in the U.S., and therefore permitting its export is not inconsistent with the public interest.

(ii) Impact on U.S. Natural Gas Market Prices

Once it is determined that an export will not jeopardize supply to domestic needs during the term of the export, the public interest test of Section 3 of the NGA is met, regardless of the impact of the proposed export on domestic prices. As the Policy Guidelines make clear, it is not the policy of the federal government to manipulate domestic energy prices by approving or disapproving import and export applications.[20] U.S. policy is that markets, and not the government, should allocate resources, determine supply and demand, and set prices.

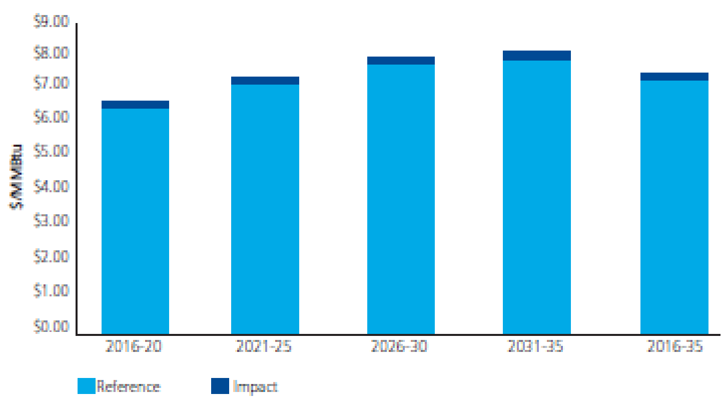
Nonetheless, CE FLNG believes that the proposed export, as well as the likely level of total LNG exports during the term of the proposed authorizations, will not have a significant impact on domestic natural gas prices. Deloitte MarketPoint has applied its integrated North American Power, Coal, and World Gas Model to analyze the price and quantity impacts of LNG exports on the US gas market.[21]

[19] Id.
[20] Policy Guidelines at 6685.
[21] Deloitte Center for Energy Solutions and Deloitte MarketPoint LLC, *Made in America – The Economic Impact*

Its World Gas Model ("WGM") projects a weighted-average price impact of $0.12/MMBtu on US prices from 2016 to 2025 as a result of a 6 bcf/d (.006 tcf/d) increase in exports, representing a 1.7% increase in the projected average US citygate gas price of $7.09/MMBtu over the time period from 2016 to 2035.[22] The WGM results indicate that US prices will not significantly increase due to LNG export.

While CE FLNG's requested authorizations would increase the amounts exported, it can be fairly extrapolated from the results of this report, which was based on 6 bcf (.006 tcf) and did not include CE FLNG's proposed volume, that CE FLNG's exports would likewise have a small impact on prices.

Figure 5: Impact of LNG exports on average U.S. citygate gas prices



Due to the massive shale gas resources, the shape of the aggregate supply curve has been changed; the supply curve has flattened.[23] Incremental demand pushes out the demand curve, causing it to intersect at a higher point on the supply curve.[24] As a result, as shown in Figure 8, higher demand due to LNG exports will have a fairly small impact.[25]

of LNG Exports from the United States, *available at* http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/Energy_us_er/us_er_MadeinAmerica_LNGPaper_122011.pdf.

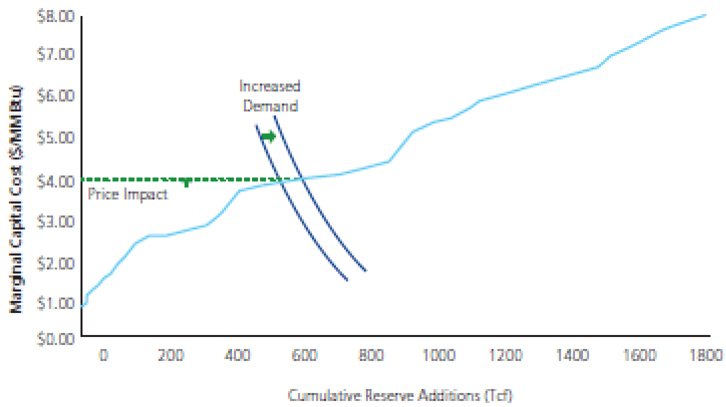
[22] *Id.*

[23] *Id.*

[24] *Id.*

[25] *Id.*

Figure 8: Impact of higher demand on price



Granting the requested authorizations would not increase price volatility. Given the public application process and long lead time required to construct LNG liquefaction facilities, any exports can be anticipated. This fact allows producers, midstream players, and consumers to act to mitigate price impacts. Producers can develop more reserves in anticipation of demand growth, such as LNG exports.[26] LNG exports will be anticipated by producers and supplies will be made available when they are needed.[27] While CE FLNG's export projects will be backed by a combination of long-term and spot market purchases using an index approach with pre-payment options, CE FLNG primarily engages in long-term supply contracts (CE FLNG has access to 18 natural gas marketing contracts with multiple suppliers, including major suppliers such as ConocoPhillips and Total, through its affiliate Cambridge Energy, LLC) as well as long-term contracts with buyers. As the report indicates, long-term contracts tend to reduce price volatility.[28]

The long planning horizon for LNG exports leaves ample time to develop shale gas take-away and needed long-haul capacity. Moreover, the Gulf Coast pipeline system was designed for significant flows. Regional pipeline flows are therefore unlikely to be affected by the use of Gulf Coast LNG terminals for exports in the long-run, minimizing any long-term basis impact.

Exports of LNG will not have a material impact on domestic natural gas

[26] *Id.*
[27] *Id.*
[28] *Id.*

prices. Accordingly, the proposed export is not inconsistent with the public interest.

(iii) Economic Benefits

The requested authorizations will benefit local, regional and national economies and are in the public interest. The proposed export of LNG would allow natural gas that might otherwise be shut-in to be sold into the global LNG market, spurring the development of new natural gas resources that might not otherwise make their way to market.

The development of new resources creates new jobs and new opportunities for American workers and is consistent with President Obama's National Export Initiative signed in 2010.[29] The President noted that "[a) critical component of stimulating economic growth in the United States is ensuring that U.S. businesses can actively participate in international markets by increasing their exports of goods . . . . Improved export performance will, in turn, create good high-paying jobs."[30] The National Export Initiative has the goal of doubling exports over the next five years by helping businesses overcome hurdles to entering new export markets, assisting with financing and pursuing a government-wide approach to export advocacy abroad.[31] In his 2011 State of the Union Address, the President stated:

> To help businesses sell more products abroad, we set a goal of doubling our exports by 2014 – because the more we export, the more jobs we create here at home. Already, our exports are up. ... Now, before I took office, I made it clear that we would enforce our trade agreements, and that 1 would only sign deals that keep faith with American workers and promote American jobs. That's what we did with Korea, and that's what I intend to do as we pursue agreements with Panama and Colombia and continue our Asia Pacific and global trade talks.[32]

Exporting natural gas that is not needed in the United States promotes the President's pro-export policies, while providing a much needed boost to local, regional, and national economies through resource development, an enhanced tax base, job creation and increased overall economic activity. An expansion in available markets for natural gas supplies will have a ripple effect

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[29] Exec. Order No. 13534, 75 Fed. Reg. 12433 (March 11, 2010).
[30] Id.
[31] Id.
[32] President Barack Obama, State of the Union Address (Jan. 25, 2011), transcript available at http://www.whitehouse.gov/the-press-office/2011/01/25/remarks-president-state-union-address.

throughout the economy by creating additional employment opportunities.

For temporary jobs, CE FLNG estimates that 750-1000 construction jobs will be created during the design and construction of the CE FLNG Terminal. For permanent jobs, CE FLNG estimates a further 200 jobs will be created for FLNG Production Staff (100 people assigned per vessel), 120 jobs for staff on the carriers, 50 jobs for support staff personnel, as well as various other jobs for support vessels, tugs, etc.

Granting the requested authorizations would also positively impact the U.S. balance of trade. In 2010, the U.S. trade deficit was $497.8 billion, an increase of $122.9 billion from the 2009 figure.[33] Notably, of the $497.8 billion deficit, $265 billion (over half) resulted from a negative balance in the trade of petroleum products.[34] LNG exports by CE FLNG of 1.07 bcf/d will make a positive impact on the balance of trade. The DOE/FE, in approving export applications has acknowledged the positive impact that LNG exports can have on the balance of trade with destination nations.[35] Moreover, consistent with the aims of the National Export Initiative and the DOE's policy of "promoting competition in the marketplace by allowing commercial parties to freely negotiate their own trade arrangements",[36] the export of LNG will help to improve economic trade and ties between the U.S. and the destination nations, which could include key industrialized nations in Europe and Asia, as well as developing nations in Asia, South America, the Middle East, and the Caribbean.

Furthermore, it would be inconsistent with U.S. obligations under World Trade Organization ("WTO") Agreements to restrict exports of LNG to other WTO nations except in certain narrow circumstances not applicable here. The U.S. has undertaken commitments not to restrict such exports to other WTO nations, whether directly or indirectly, through quantitative measures or other administrative measures. It would be a further

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[33] Bureau of Economic Analysis, U.S. Department of Commerce, U.S. International Trade in Goods and Services, (Feb. 11, 2011), *available at* http://www.bea.gov/newsreleases/international/trade/2011/pdf/trad1210.pdf.

[34] Id. at 11. In 2010, the U.S. exported only $70 billion in petroleum products while importing over $335 billion.

[35] *See, e.g., 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.").

[36] *Cheniere Marketing, Inc.,* FE Docket No. 08-77-LNG, Order No. 2651 at 11 (June 8, 2009).

violation of the most-favored-nation obligations under WTO Agreements for the U.S. to grant applications for exports to nations with which the United States has separate FTAs while denying applications for exports to other WTO nations with which the U.S. does not have separate FTAs.

(iv) Environmental Benefits

LNG export can have significant environmental benefits as natural gas is cleaner burning than other fossil fuels. According to the U.S. Environmental Protection Agency ("EPA"), compared to the average air emissions from coal-fired generation, natural gas-fired generation produces half as much carbon dioxide, less than a third as much nitrogen oxides, and one percent as much sulfur oxides at the power plant.[37] Accordingly, an increased supply of natural gas made possible through LNG export can help nations break their dependence on less environmentally friendly fuels.

VII. ENVIRONMENTAL IMPACT

Following issuance of each of the separate long-term multi-contract authorizations requested in this Application, CE FLNG 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 of the Project by FERC. It is anticipated that, consistent with the requirements of the National Environmental Policy Act ("NEPA"), FERC will act as the lead agency for environmental review, with the DOE acting as a cooperating agency.

Regarding the proposed export to FTA nations, pursuant to the terms of NEPA, 42 U.S.C. § 4231 *et seq.*, while DOE shall give appropriate consideration to the environmental effects of its proposed decisions, as in *Sabine Pass Liquefaction LLC*, that consideration is provided "in light of DOE's statutory obligation to grant the application without delay or modification."[38] That portion of CE FLNG's Application that seeks authority to export LNG only to nations with which the United States currently has, or in the future may enter into, an FTA requiring national treatment for trade in

[37] *See* http://www.epa.gov/cleanenergy/energy-and-you/affect/natural-gas.html.
[38] DOE/FE Order No. 2833 (Sept. 7, 2010) at 5.

natural gas, "falls within Section 3(c), as amended, and therefore, DOE/FE is charged with granting the application without delay or modification."[39]

CE FLNG therefore respectfully requests that the 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 the DOE's Office of Fossil Energy,[40] which may review an application to determine whether a proposed authorization is in the public interest concurrent with FERC's review of environmental impacts.

VIII. APPENDICES

The following appendices are included with this Application:

Exhibit A Opinion of Counsel

IX. CONCLUSION

CE FLNG respectfully requests that DOE/FE deem that CE FLNG's proposed exportation of LNG to FTA nations is consistent with the public interest and grant, without modification or delay, CE FLNG's request, as more fully described in this application, for long-term, multi-contract authorization to export, on its own behalf and as agent for others, to any nation with which the United States currently has, or in the future may enter into, an FTA requiring national treatment for trade in natural gas or LNG for up to a total of 8 million metric tons per annum (amounting to approximately 389.6 billion cubic feet of natural gas per year or 1.07 bcf per day) of domestically produced LNG for a thirty year period commencing the earlier of the date of first export or ten years from the date the requested authorization is granted.

CE FLNG separately requests that DOE/FE deem that CE FLNG's proposed exportation of LNG to non-FTA nations is consistent with the public interest and grant CE FLNG's request, as more fully described in this application, for long-term, multi-contract authorization to export, on its own behalf

[39] Id.

[40] *See e.g., Yukon Pacific Corp.,* ERA Docket No. 87-68-LNG, Order No. 350 (Nov. 16, 1989) ("The DOE believes that energy projects can and must be undertaken consistent with environmentally acceptable practices. To ensure this result, the DOE is attaching a condition to the export approval that all aspects of the export project must be undertaken in accordance with the appropriate environmental review process and must comply with any and all preventative and mitigative measures imposed by Federal or State agencies."); *see also Rochester Gas and Electric Corp.*, FE Docket No. 90-05-NG, Order No. 503 (May 16, 1991).

and as agent for others, to export to any nation with which the United States does not have a FTA requiring national treatment for trade in natural gas with which trade is not prohibited by United States law or policy for up to a total of 8 million metric tons per annum (amounting to approximately 389.6 billion cubic feet of natural gas per year or 1.07 bcf per day) of domestically produced natural gas or LNG for a thirty year period commencing the earlier of the date of first export or ten years from the date the requested authorization is granted.

WHEREFORE, for the reasons set forth above, CE FLNG respectfully requests that DOE/FE grant each of the long-term, multi-contract export authorizations requested herein.

Dated: September 21, 2012

Respectfully submitted,

By: /s/ Justin S. Mann
General Counsel
CE FLNG, LLC
1051 Parkside Commons, Suite 102
Greensboro, GA 30642
jmann@cambridgeenergyllc.com

EXHIBIT A

OPINION OF COUNSEL

Cambridge Energy
integrating LNG solutions on a global basis
for rural and remote markets

September 21, 2012

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: CE FLNG, LLC
FE Docket No. _________
Application For Long-Term Multi-Contract Authorizations To Export Liquefied Natural Gas To Free Trade Agreement and Non-Free Trade Agreement Nations

Dear Mr. Anderson:

This opinion is furnished to you pursuant to Section 590.202(c) of the Department of Energy Regulations, 10 C.F.R. §590.202(c) and in connection with the Application of CE FLNG, LLC for Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas to Free Trade Agreement Nations and Non-Free Trade Agreement Nations. I am counsel to CE FLNG, LLC, a limited liability company organized under the laws of the State of Delaware. I have reviewed and relied upon the limited liability company formation documents of CE FLNG, LLC and information provided to me by CE FLNG, LLC. Based on the foregoing, and for the purposes of the Application to the Office of Fossil Energy, I am of the opinion that the proposed exports as described in the Application are within the limited liability company powers of CE FLNG, LLC.

Respectfully submitted,

By: /s/ Justin S. Mann
General Counsel
CE FLNG, LLC
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