

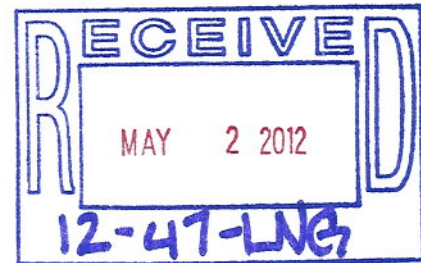
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May 2, 2012



Gulf LNG Liquefaction
Company, LLC
an el paso, ge company

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



**Re: Gulf LNG Liquefaction Company, LLC
FE Docket No. 12 - 47 - LNG
Application for Long-Term Authorization to Export Liquefied Natural Gas to Free
Trade Agreement Countries**

Dear Mr. Anderson,

Gulf LNG Liquefaction Company, LLC (“GLLC”) hereby submits for filing with the U.S. Department of Energy, Office of Fossil Energy, one original and three copies of its application for long-term authorization to export liquefied natural gas (“LNG”). In this application, GLLC is seeking long-term, multi-contract authorization to engage in exports of up to 11.5 million tons per year (equivalent to approximately 1.5 billion cubic feet per day) of LNG produced from domestic sources. The requested authorization would permit GLLC to export LNG from the Gulf LNG Energy, LLC Terminal, located in Pascagoula, Mississippi, to any country with which the United States has, or in the future may have, a Free Trade Agreement requiring national treatment for trade in natural gas and LNG over a twenty-five year period.

A check in the amount of \$50.00 is enclosed in payment of the applicable filing fee.

Please contact me or Margaret Coffman if you have any questions regarding this application.

Respectfully submitted,

Gulf LNG Liquefaction Company, LLC

A handwritten signature in black ink that reads 'Patricia S. Francis'.

Patricia S. Francis, Associate General Counsel
Margaret G. Coffman, Counsel
569 Brookwood Village, Suite 501
Birmingham, AL 35209
(205) 325-7696

Counsel for Gulf LNG Liquefaction Company, LLC

Enclosures

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Tel 205.325.3840 fax 205.325.3787

ORIGINAL

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY



Gulf LNG Liquefaction Company, LLC)
)
) Docket No. 12 - 47 - LNG

APPLICATION OF GULF LNG LIQUEFACTION COMPANY, LLC
FOR LONG-TERM AUTHORIZATION
TO EXPORT LIQUEFIED NATURAL GAS
TO FREE TRADE AGREEMENT COUNTRIES

Communications with respect to this
Application should be addressed to:

Patricia S. Francis
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**UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY**

Gulf LNG Liquefaction Company, LLC)
) Docket No. 12 - 47 - LNG
)

**APPLICATION OF GULF LNG LIQUEFACTION COMPANY, LLC
FOR LONG-TERM AUTHORIZATION
TO EXPORT LIQUEFIED NATURAL GAS
TO FREE TRADE AGREEMENT COUNTRIES**

Pursuant to Section 3 of the Natural Gas Act (“NGA”)¹ and Part 590 of the regulations of the Department of Energy (“DOE”), 10 C.F.R. § 590, Gulf LNG Liquefaction Company, LLC (“GLLC”) submits this application (“Application”) to the DOE Office of Fossil Energy (“DOE/FE”) for long-term authorization to export up to 11.5 million tons per year of liquefied natural gas (“LNG”) (approximately equivalent to 1.5 billion cubic feet of gas per day (“Bcf/d”)) produced from domestic sources for a 25-year period commencing on the earlier of the date of first export or ten years from the date the requested authorization is granted.

GLLC seeks authorization to export LNG from the terminal in Pascagoula, Mississippi owned by Gulf LNG Energy, LLC² to any country 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, and which has or in the future develops the capacity to import LNG via

¹ 15 U.S.C. § 717b

² Gulf LNG Energy, LLC and Gulf LNG Liquefaction Company, LLC are both subsidiaries of Gulf LNG Holdings.

ocean-going carrier.³ GLLC is requesting this authorization both on its own behalf and as agent for other parties who themselves hold title to the LNG at the time of export.

This Application is the first part of GLLC's planned two-part export authorization request. Subsequent to this Application, GLLC currently intends to file a separate application with the DOE for long-term authorization to export LNG to those countries with which the United States does not have a FTA and with which trade is not prohibited by U.S. law or policy.

This Application requests authority to export LNG only to countries with which the United States has, or in the future may have, a FTA requiring national treatment for trade in natural gas. Accordingly, it is subject to review under the standard established in Section 201 of the Energy Policy Act of 1992,⁴ which amended Section 3 of the NGA. As amended, Section 3(c) of the NGA provides that applications, such as this one, to export LNG from or to nations with which the United States has a FTA are entitled to the statutory presumption that such exports are "deemed to be consistent with the public interest." Section 3(c) further provides that applications of this type "shall be granted without modification or delay."⁵

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

I. DESCRIPTION OF THE APPLICANT AND LNG FACILITY

The exact legal name of the applicant is Gulf LNG Liquefaction Company, LLC. GLLC is a limited liability company formed under the laws of Delaware with its principal place of business at 569 Brookwood Village, Suite 501, Birmingham, Alabama 35209. GLLC is a wholly owned subsidiary of Gulf LNG Holdings Group, LLC ("Gulf LNG Holdings"). El Paso LLC,

³ The United States currently has FTAs requiring national treatment for trade in natural gas with Australia, Bahrain, Canada, Chile, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Korea, Mexico, Morocco, Nicaragua, Oman, Peru, and Singapore. President Obama signed FTAs with Columbia and Panama on October 21, 2011, but the agreements have not been implemented.

⁴ 15 U.S.C. § 717b (2011).

⁵ *Id.*

through its directly-owned subsidiary, Southern Gulf LNG Company, LLC, owns a fifty percent interest in Gulf LNG Holdings. GE Energy Financial Services, a unit of GE, directly and indirectly owns a forty-six percent interest in Gulf LNG Holdings. Other investors, including, Atlas Energy, LP, Magnetar Capital, Tortoise Capital Resources Corp. and Triangle Peak Partners Private Equity, LP, as well as funds and accounts under management by BlackRock Investment Management, LLC, indirectly own the remaining four percent interest of Gulf LNG Holdings.

On October 28, 2005, Gulf LNG Energy, LLC filed an application with the Federal Energy Regulatory Commission (“FERC”) under Section 3 of the Natural Gas Act requesting authority to site, construct and operate a LNG import terminal in Jackson County, Mississippi.⁶ Concurrently, Gulf LNG Pipeline, LLC filed an application under Section 7(c) of the Natural Gas Act to construct, own, and operate an approximately five mile-long pipeline from the proposed LNG terminal.⁷ FERC authorized the construction of the terminal and pipeline (collectively, the “Gulf LNG Terminal”) on February 16, 2007.⁸ The Gulf LNG Terminal commenced service on October 1, 2011.⁹

⁶ See *Gulf LNG Energy, LLC*, 118 FERC ¶ 61,128 (2007).

⁷ *Id.*

⁸ *Id.*

⁹ See Letter Order issued in CP06-12 and CP06-13 on September 26, 2011.

II. COMMUNICATIONS

Any notices, pleadings or other communications regarding this Application should be directed to the following persons:

Patricia S. Francis
Associate General Counsel
Gulf LNG Liquefaction Company, LLC
569 Brookwood Village, Suite 501
Birmingham, Alabama 35209
(205) 325-7696
Patricia.Francis@ElPaso.com

Margaret G. Coffman
Counsel
Gulf LNG Liquefaction Company, LLC
569 Brookwood Village, Suite 501
Birmingham, Alabama 35209
(205) 325-7494
Meghan.Coffman@ElPaso.com

The contact for any reports required in connection with the requested authorization is as follows:

Rhonda Creel
Associate Analyst
Gulf LNG Liquefaction Company, LLC
569 Brookwood Village, Suite 501
Birmingham, Alabama 35209
(205) 325-3523
Rhonda.Creel@ElPaso.com

III. AUTHORIZATION REQUESTED

GLLC requests long-term, multi-contract authorization to export up to 11.5 million tons per year of domestically produced LNG (equivalent to approximately 1.5 Bcf/d) for a 25-year period commencing upon the earlier of the date of first export or the tenth anniversary of the date authorization is granted by DOE/FE. GLLC requests that such long-term authorization provide for export to any country 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, and which has or in the future develops the capacity to import LNG via ocean-going carrier.

GLLC requests authorization to export LNG both on its own behalf (by holding title to the LNG at the time of export) and as agent for other parties who themselves hold title to the LNG at the time of export. To ensure that all exports are permitted and lawful under U.S. laws

and policies, GLLC will comply with all DOE requirements for an exporter or agent. In Order No. 2913,¹⁰ the DOE approved a proposal to register each LNG title holder for whom the applicant sought to export LNG as agent. The applicant also proposed that this registration include a written statement by the title holder acknowledging and agreeing to comply with all applicable requirements included in its export authorization and to include those requirements in any subsequent purchase or sale agreement entered into by that title holder. The applicant further stated that it would file under seal with the DOE any relevant long-term commercial agreements that it reached with the LNG title holders on whose behalf the exports were performed.

The DOE found that this proposal was an acceptable alternative to the non-binding policy adopted in Order No. 2859¹¹ that title to all LNG authorized for export must be held by the authorization holder at the point of export. In approving this alternative approach, the DOE noted that the applicant's requested registration process and contract terms would ensure that the title holder was aware of all DOE requirements and would provide DOE with a record of all authorized exports and direct contact information and a point of contact with the title holder.¹²

Therefore, when acting as agent, GLLC will register with the DOE each LNG title holder for whom GLLC seeks to export as agent, and will provide the DOE with a written statement by the title holder acknowledging and agreeing to (i) comply with all requirements in GLLC's long-term export authorization, and (ii) include those requirements in any subsequent purchase or sale agreement entered into by the title holder. GLLC will also file under seal with DOE any relevant

¹⁰ *Freeport LNG Development, LP*, DOE/FE Order No. 2986 (2011).

¹¹ *Dow Chemical Company*, DOE/FE Order No. 2859 (2010).

¹² *Freeport LNG Development, LP*, DOE/FE Order No. 2986 (2011).

long-term commercial agreements it enters into with the LNG title holders on whose behalf the exports are performed.

In recent orders granting long-term authorizations to export LNG to FTA countries requiring national treatment for trade in natural gas, the DOE has found that the applicants were not required to submit, with their applications, transaction-specific information, as specified in Section 590.202(b) of the DOE's regulations.¹³ The DOE found that, given the stage of development for these projects, it was appropriate for the applicants to submit such information "when practicable" (i.e., when the contracts reflecting such information are executed). GLLC requests that the DOE make the same finding in this Application.

IV. DESCRIPTION OF EXPORT PROPOSAL

GLLC is taking steps necessary to build natural gas processing and liquefaction facilities to receive and liquefy domestic natural gas at the Gulf LNG Terminal (the "Project"). The Project facilities will be integrated into the existing terminal facilities. The Gulf LNG Terminal includes (1) berthing and accommodations for a single LNG vessel and unloading facilities and piping and appurtenances; (2) an LNG storage and vaporization facility (including two storage tanks capable of storing a total of 320,000 cubic meters (m³)), vaporization units and associated piping and control equipment; (3) associated utilities, infrastructure, and support systems; and (4) a 5.02 mile send-out pipeline extending to the interstate pipelines of Destin Pipeline Company, L.L.C., Gulfstream Natural Gas System, L.L.C., and a joint venture pipeline of Florida Gas Transmission Company, LLC and Transcontinental Gas Pipe Line Company, LLC and to the

¹³ See, e.g., *Cameron LNG*, LLC, DOE/FE Order No. 3059 (January 17, 2012) and *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 2833 (2010). The transaction specific information described in the regulations includes long-term supply agreements and long-term export agreements.

Pascagoula Gas Processing Plant operated by BP America Production Company. The Gulf LNG Terminal has a peak sendout capacity of 1.5 Bcf/d.¹⁴

The new facilities proposed as part of the Project will include natural gas pre-treatment, liquefaction, and export facilities with a capacity of up to 11.5 million tons per year of LNG (approximately equivalent to 1.5 Bcf/d), plus enhancements to the existing equipment and additional utilities. The Project facilities would permit gas to be received by pipeline at the Gulf LNG Terminal, liquefied, and loaded from the terminal's storage tanks onto vessels berthed at the existing marine facility. The Project will be designed to allow GLLC to be capable of providing bi-directional service. Thus, once the Project facilities are operational, the Gulf LNG Terminal will have the capability to (i) liquefy domestic gas for export or (ii) import LNG and either re-gasify such imported LNG for delivery to domestic markets or export it to foreign markets.

The long-term authorization requested in this application is necessary in order to permit GLLC to incur the substantial costs of developing the Project and to secure customer contracts. Terms for the use of the liquefaction and other facilities will be set forth in agreements with customers of the Project. These agreements are expected to be for terms of up to 25 years in length and will run concurrently with GLLC's export authorization. GLLC has not yet entered into such agreements; a long-term export authorization is required to secure arrangements with prospective customers.

V. EXPORT SOURCES

GLLC seeks authorization to export natural gas available in the United States natural gas pipeline system. As a result of the Gulf LNG Terminal's direct access to multiple major

¹⁴ See *Gulf LNG Energy, LLC*, 118 FERC ¶ 61,128 (2007).

interstate pipelines and indirect access to the national gas pipeline grid, the Project's customers will have a wide variety of stable and economical supply options from which to choose.

VI. STANDARD OF REVIEW

Section 3(c) of the NGA requires that applications for authorization to export natural gas, including LNG, to nations with which there is in effect a FTA requiring national treatment for trade in natural gas be deemed consistent with the public interest and granted without modification or delay. The DOE has found that, in light of its statutory obligation to grant such applications without delay or modification, there is no need for the DOE to engage in any analysis of factors affecting the public interest.¹⁵ This Application, which clearly falls within the scope of Section 3(c), should be processed and approved in accordance with this standard.

VII. ENVIRONMENTAL IMPACT

Following issuance of the long-term export authorization requested in this Application, GLLC 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 by FERC of the Project. It is anticipated that, consistent with the requirements of the National Environmental Policy Act, FERC will act as the lead agency for environmental review, with the DOE acting as cooperating agency. GLLC 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.

VIII. APPENDICES

The following appendices are included with this Application:

Appendix A Verification

¹⁵ See, e.g., *Cameron LNG, LLC*, DOE/FE Order No. 3059 (January 17, 2012) and *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 2833 (2010).

IX. CONCLUSION.

For the reasons set forth above, GLLC respectfully requests that the DOE issue an order granting GLLC authorization to export up to 11.5 million tons per year of LNG (approximately equivalent to 1.5 Bcf/d) produced from domestic sources for a 25-year period commencing on the earlier of the date of first export or ten years from the date the requested authorization is granted.

Respectfully submitted,

Gulf LNG Liquefaction Company, LLC



Patricia S. Francis
Associate General Counsel
(205) 325-7696

Patricia S. Francis, Associate General Counsel
Margaret G. Coffman, Counsel
Gulf LNG Liquefaction Company, LLC
569 Brookwood Village, Suite 501
Birmingham, AL 35209

Counsel for Gulf LNG Liquefaction Company, LLC

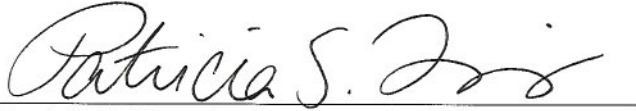
May 2, 2012

**APPENDIX A
VERIFICATION**

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

VERIFICATION

Patricia S. Francis, first being sworn, states that she is Associate General Counsel for Gulf LNG Liquefaction Company, LLC; that she is authorized to execute this Verification; that she has read the foregoing filing and is familiar with the contents thereof; and that all of the statements of fact therein contained are true and correct to the best of her knowledge and belief.



Patricia S. Francis
On behalf of
Gulf LNG Liquefaction Company, LLC

STATE OF ALABAMA)
)
COUNTY OF JEFFERSON)

Subscribed and sworn to before me on this 2nd day of May 2012, by Patricia S. Francis, proved to me on the basis of satisfactory evidence to be the person who appeared before me.

Rhonda E. Creel

NOTARY PUBLIC SIGNATURE

NOTARY PUBLIC SEAL

**NOTARY PUBLIC STATE OF ALABAMA
MY COMMISSION EXPIRES: Dec 28, 2014
BONDED THRU NOTARY PUBLIC UNDERWRITERS**

APPENDIX B
OPINION OF COUNSEL

May 2, 2012

Mr. John Anderson
Office of Fossil Energy
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, D.C. 20585

**Re: Gulf LNG Liquefaction Company, LLC
Application for Long-Term Authorization to Export Liquefied Natural Gas
to Free Trade Agreement Countries**

Dear Mr. Anderson,

This opinion is submitted pursuant to the requirements of Section 590.202(c) of the U.S. Department of Energy's regulations, 10 C.F.R. § 590.202(c) (2011). The undersigned is counsel to Gulf LNG Liquefaction Company, LLC. I have reviewed the corporate documents of Gulf LNG Liquefaction Company, LLC and it is my opinion that the proposed long-term export of liquefied natural gas, as described in the above-referenced application, is within the limited liability company powers of Gulf LNG Liquefaction Company, LLC.

Respectfully submitted,



Patricia S. Francis
Associate General Counsel