

May 15, 2012



rec'd 5/15/12

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: Southern LNG Company, L.L.C.
FE Docket No. 12 - 54 - LNG
Application for Long-Term Authorization to Export Liquefied Natural Gas
to Free Trade Agreement Countries**

Dear Mr. Anderson,

Southern LNG Company, L.L.C. ("SLNG") 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, SLNG is seeking long-term, multi-contract authorization to engage in exports of up to 4 million tons per year (equivalent to approximately 0.5 billion cubic feet per day) of LNG produced from domestic sources. The requested authorization would permit SLNG to export LNG from its LNG terminal, located in Savannah, Georgia, 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,

Southern LNG Company, L.L.C.

A handwritten signature in black ink, appearing to read '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 Southern LNG Company, L.L.C.

Enclosures

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

Southern LNG Company, L.L.C.

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Docket No. 12 - 54 - LNG

**APPLICATION OF SOUTHERN LNG COMPANY, L.L.C.
FOR LONG-TERM AUTHORIZATION
TO EXPORT LIQUEFIED NATURAL GAS
TO FREE TRADE AGREEMENT COUNTRIES**

Communications with respect to this
Application should be addressed to:

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**UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
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Southern LNG Company, L.L.C.

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Docket No. 12 - 54 - LNG

**APPLICATION OF SOUTHERN LNG COMPANY, L.L.C.
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, Southern LNG Company, L.L.C. (“SLNG”) submits this application (“Application”) to the DOE Office of Fossil Energy (“DOE/FE”) for long-term authorization to export up to 4 million tons per year of liquefied natural gas (“LNG”) (approximately equivalent to 0.5 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.

SLNG seeks authorization to export LNG from its terminal in Savannah, Georgia (“Elba Island Terminal”) 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.²

¹ 15 U.S.C. § 717b

² 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.

SLNG 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 SLNG's planned two-part export authorization request. Subsequent to this Application, SLNG 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 1992,³ 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."⁴

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

I. DESCRIPTION OF THE APPLICANT AND LNG FACILITY

The exact legal name of the applicant is Southern LNG Company, L.L.C. SLNG 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. SLNG is a wholly owned subsidiary of El Paso Pipeline Partners Operating Company, L.L.C. El Paso Pipeline Partners Operating Company, L.L.C. is a wholly owned subsidiary of El Paso Pipeline Partners, L.P. ("EPB"). EPB is a Delaware limited partnership.

³ 15 U.S.C. § 717b (2011).

⁴ *Id.*

On June 28, 1972, in Docket No. CP71-264, the Federal Energy Regulatory Commission (“Commission”) authorized SLNG⁵ to construct and operate the Elba Island Terminal.⁶ SLNG began operations in 1978 but ceased in 1982. In Docket Nos. CP99-580 et al., the Commission authorized SLNG to recommission the Elba Island Terminal and to modify the Terminal in order to increase deliverability and to provide terminalling services on an open-access basis.⁷ On December 1, 2001, SLNG placed Elba Island back in service.

In Docket No. CP02-380, the Commission authorized SLNG to expand its storage capacity by 3.3 Bcf and its vaporization facilities by 540 MMcf/d and to construct a marine slip with new docking facilities to accommodate receipt of two LNG Tankers and to serve as the primary receipt point for LNG shipments at the Elba Island Terminal (“Elba II Expansion”).⁸ The Elba II Expansion commenced operations on February 1, 2006.

In Docket No. CP06-470, the Commission authorized additional expansion facilities (“Elba III Expansion”) to expand the storage capacity of the terminal by 8.44 Bcf and the vaporization capacity by 900 MMcf per day in two phases.⁹ Phase A of the Elba III Expansion included (1) modification of existing unloading docks; (2) construction of a new storage tank with 4.22 Bcf of storage capacity; and (3) installation of additional vaporization with a firm send-out capacity of 405 MMcf per day. In February 2009, SLNG recommenced activities at its slip following modification of the unloading docks.¹⁰ The vaporization portion of Phase A was

⁵ Southern Energy changed its name to “Southern LNG Inc.” on May 15, 1996 and to “Southern LNG Company, L.L.C” on February 4, 2010.

⁶ See *Columbia LNG Corp.*, 47 FPC 1624 (1972) (Opinion No. 622), *modified*, 48 FPC 723 (1972) (Opinion No. 622-A).

⁷ *Southern LNG Inc.*, 90 FERC ¶ 61,257 (2000).

⁸ *Southern LNG Inc.*, 103 FERC ¶ 61,029 (2003).

⁹ *Southern LNG, Inc.*, 120 FERC ¶ 61,258 (2007), *aff’d*, 122 FERC ¶ 61,137 (2008), *aff’d sub nom.* *Anderson v. FERC*, No. 08-1131 (D.C. Cir. 2009), 2009 WL 1455824.

¹⁰ See Letter Order issued in CP06-470 on January 30, 2009.

placed in service in March 2010.¹¹ The storage portion of Phase A was placed in service in July 2010.¹² On August 2, 2011, SLNG requested that the Commission vacate the Section 3 authorization it received for Phase B of the Elba III Expansion. On October 11, 2011, the Commission granted SLNG's request.¹³

II. COMMUNICATIONS

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

Patricia S. Francis
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Southern LNG Company, L.L.C.
569 Brookwood Village, Suite 501
Birmingham, Alabama 35209
(205) 325-7696
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Margaret G. Coffman
Counsel
Southern LNG Company, L.L.C.
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(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
Southern LNG Company, L.L.C.
569 Brookwood Village, Suite 501
Birmingham, Alabama 35209
(205) 325-3523
Rhonda.Creel@ElPaso.com

III. AUTHORIZATION REQUESTED

SLNG requests long-term, multi-contract authorization to export up to 4 million tons per year of domestically produced LNG (equivalent to approximately 0.5 Bcf/d) for a 25-year period commencing upon the earlier of the date of first export or the tenth anniversary of the date

¹¹ See Letter Order issued in CP06-470 on February 26, 2010.

¹² See Letter Order issued in CP06-470 on June 30, 2010.

¹³ 137 FERC ¶ 61,034 (2011).

authorization is granted by DOE/FE. SLNG 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.

SLNG 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, SLNG will comply with all DOE requirements for an exporter or agent. In Order No. 2913,¹⁴ 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. 2859¹⁵ 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

¹⁴ *Freeport LNG Development, LP*, DOE/FE Order No. 2986 (2011).

¹⁵ *Dow Chemical Company*, DOE/FE Order No. 2859 (2010).

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.¹⁶

Therefore, when acting as agent, SLNG will register with the DOE each LNG title holder for whom SLNG 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 SLNG's long-term export authorization, and (ii) include those requirements in any subsequent purchase or sale agreement entered into by the title holder. SLNG will also file under seal with DOE any relevant 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.¹⁷ 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). SLNG requests that the DOE make the same finding in this Application.

IV. DESCRIPTION OF EXPORT PROPOSAL

SLNG is taking steps necessary to build natural gas processing and liquefaction facilities to receive and liquefy domestic natural gas at the Elba Island Terminal (the "Project"). The Project facilities will be integrated into the existing terminal facilities. The Elba Island Terminal includes (1) berthing and accommodations for two LNG vessels and unloading facilities and

¹⁶ *Freeport LNG Development, LP*, DOE/FE Order No. 2986 (2011).

¹⁷ 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.

piping and appurtenances; (2) an LNG storage and vaporization facility (including five storage tanks capable of storing a total of approximately 550,000 cubic meters (m³)), vaporization units and associated piping and control equipment; (3) associated utilities, infrastructure, and support systems. The Elba Island Terminal directly connects with the interstate pipelines of Southern Natural Gas Company, L.L.C., Elba Express Company, L.L.C., and Carolina Gas Transmission Corporation and indirectly connects with the interstate pipelines of Transcontinental Gas Pipe Line Company, LLC and Florida Gas Transmission, LLC. The Elba Island Terminal's capacity for peak vaporization and send-out is 1,755 MMcf per day.

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 4 million tons per year of LNG (approximately equivalent to 0.5 Bcf/d), plus enhancements to the existing equipment and additional utilities. The Project facilities would permit gas to be received by pipeline at the Elba Island 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 SLNG to be capable of providing bi-directional service. Thus, once the Project facilities are operational, the Elba Island Terminal will have the capability to (i) liquefy domestic gas for export or (ii) import LNG for delivery to domestic markets.

The long-term authorization requested in this application is necessary in order to permit SLNG 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 SLNG's export authorization. SLNG has not yet entered

into such agreements; a long-term export authorization is required to secure arrangements with prospective customers.

V. EXPORT SOURCES

SLNG seeks authorization to export natural gas available in the United States natural gas pipeline system. As a result of the Elba Island Terminal's direct access to multiple major 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.¹⁸ 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, SLNG 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. SLNG therefore respectfully requests that the DOE issue an order

¹⁸ 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).

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

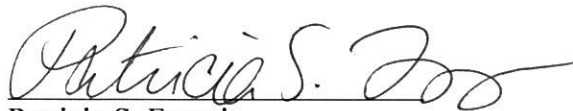
Appendix B Opinion of Counsel

IX. CONCLUSION.

For the reasons set forth above, SLNG respectfully requests that the DOE issue an order granting SLNG authorization to export up to 4 million tons per year of LNG (approximately equivalent to 0.5 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,

Southern LNG Company, L.L.C.



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

Patricia S. Francis, Associate General Counsel
Margaret G. Coffman, Counsel
Southern LNG Company, L.L.C.
569 Brookwood Village, Suite 501
Birmingham, AL 35209

Counsel for Southern LNG Company, L.L.C.

May 15, 2012

APPENDIX A VERIFICATION

VERIFICATION

Patricia S. Z...

Southern LNG Company, L.L.C.

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Lynne L. Smittle
NOTARY PUBLIC SIGNATURE

NOTARY PUBLIC STATE OF ALABAMA AT LARGE
MY COMMISSION EXPIRES: May 27, 2015
BONDED THRU NOTARY PUBLIC UNDERWRITERS

APPENDIX B
OPINION OF COUNSEL

May 15, 2012

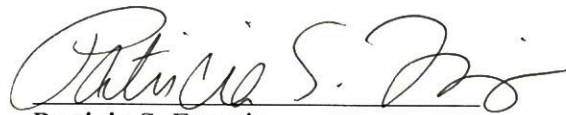
Mr. John Anderson
Office of Fossil Energy
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, D.C. 20585

**Re: Southern LNG Company, L.L.C.
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 Southern LNG Company, L.L.C. I have reviewed the corporate documents of Southern LNG Company, L.L.C. 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 Southern LNG Company, L.L.C.

Respectfully submitted,



Patricia S. Francis
Associate General Counsel