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July 5, 2012

12-75-LNG

Larine A Moore
U.S. Department of Energy
FE-34
P.O. Box 44375
Washington D.C., 20026-4375

Re: Alaska Gasline Port Authority
FE Docket No. 12 - **75** - LNG
Application for Long-Term Authorization to
Export Liquefied Natural Gas to Free Trade Countries

Dear Ms. Moore:

Please accept for filing Alaska Gasline Port Authority's (AGPA) application for long-term authorization to export liquefied natural gas (LNG) to any country with which the United States has, or in the future may have, a Free Trade Agreement (FTA). Specifically, AGPA requests long-term authorization to export up to approximately 2.5 billion cubic feet of natural gas per day, or approximately 19 million metric tons per annum to FTA countries along the Asian-Pacific Rim. AGPA has received significant interest from the market in this Project. This authorization would also permit AGPA to act as an agent to third parties authorized to export LNG to FTA countries.

Enclosed with this application is a check in the amount of \$50.00 for the applicable filing fee.

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

Respectfully submitted,

A handwritten signature in black ink that reads "William M. Walker".

William M. Walker
Counsel for Alaska Gasline Port Authority

UNITED STATES OF AMERICA
BEFORE THE DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

In the Matter of

ALASKA GAS LINE PORT AUTHORITY

FE Docket No.
12 - ~~75~~ - LNG

APPLICATION OF ALASKA GASLINE PORT AUTHORITY FOR
LONG-TERM AUTHORIZATION TO
EXPORT LNG TO FREE TRADE AGREEMENT COUNTRIES

Pursuant to Section 3 of the Natural Gas Act (NGA) and Part 590 of the Department of Energy's (DOE) regulations, the Alaska Gasline Port Authority (AGPA) hereby files this application (Application) with the DOE, Office of Fossil Energy (DOE/FE) for long-term, multi-contract authorization to engage in exports of domestically produced liquefied natural gas (LNG) up to the equivalent of approximately 2.5 billion cubic feet (bcf) of natural gas per day, or approximately 19 million metric tons per annum (mtpa). AGPA requests authorization to export LNG over a twenty-five year term commencing on the date of the first LNG export or 8 years from the date that the authorization is issued, whichever is earlier.

AGPA proposes to export LNG from a future LNG terminal (Terminal) to be located in Valdez, Alaska, to any country which has or in the future develops the capacity to import LNG via ocean-going carriers and with which the United States has, or in the future enters into, a Free Trade Agreement (FTA) requiring the national treatment for trade in natural gas. As such, this application will be reviewed pursuant to the standards established in the

Energy Policy Act of 1992. Section 3(c) of the NGA, as amended by § 201 of the Energy Policy Act of 1992, requires that applications such as this one, for the export of LNG to FTA countries be “deemed consistent with the public interest” and “granted without modification or delay.” 15 U.S.C. § 717b(c).

In support of this Application, AGPA submits the following:

I. DESCRIPTION OF THE APPLICANT

The legal name of the applicant is the Alaska Gasline Port Authority(AGPA). AGPA is a political subdivision of the State of Alaska. It is a municipal port authority which was established in October of 1999 pursuant to Alaska Statute §§ 29.35.600-.725. Its members include the Fairbanks North Star Borough and the City of Valdez. Its offices are located at 731 N Street, Anchorage, Alaska 99501. Since its formation, the AGPA has worked with numerous companies including Bechtel Corporation, in advancing this Project. Since its formation, Applicant has received detailed cost estimates, market analysis and financial modeling for this Project. Applicant has also applied for and received a tax exempt ruling from the IRS. Over the past several years, Applicant has engaged with the world markets regarding LNG from the Project and has received a very positive reception from the world LNG market interested in receiving LNG from this Project.

II. COMMUNICATIONS AND CORRESPONDENCE

The names, titles and mailing addresses of the persons to whom correspondence and communications concerning this Application, including all service of pleadings and notices, are to be addressed as follows:

William M. Walker
Lindsay W. Hobson
Walker Richards, LLC
General Counsel
Alaska Gasline Port Authority
731 N. St.
Anchorage, AK 99501
Telephone: (907) 278-7000
Facsimile: (907) 278-7001
Email: bill.walker@walkerrichards.com

These persons are designated to receive service and should be placed on the official service list for this proceeding.

III. DESCRIPTION OF PROJECT

AGPA's request for authorization is part of a project (Project) to develop, own and operate liquefaction facilities and an LNG Terminal in Port Valdez, Alaska. AGPA's Project initially contemplated a gas treatment facility on the North Slope and an 800-mile gas pipeline running from the North Slope adjacent to the existing Trans Alaska Oil Pipeline (TAPS) to tidewater at Port Valdez. However, under the Alaska Gasline Inducement Act (AGIA), Alaska Statutes §§ 43.90.0101-.900, it is anticipated that facilities upstream of the Terminal will be constructed by the AGIA licensee, TransCanada Alaska Company, LLC and Foothills Pipe Lines Ltd., and its project partners. AGPA's Project is thus focused on the Terminal, which is substantially similar to that previously proposed by the Yukon Pacific Corporation (YPC). FERC would have jurisdictional authority with respect to the siting, construction, and operation of the Terminal facilities. As soon as is practicable, AGPA will begin the National Environmental Policy Act pre-filing process with FERC. *See* 18 C.F.R. § 157.21. Grant of this application is a necessary precursor to such a filing.

There are several potential sites for the Terminal in Port Valdez. AGPA is in the process of applying to lease land from the State of Alaska located at Anderson Bay. This parcel of property is located approximately 5 miles west of the existing terminus of the Trans Alaska Oil Pipeline, which is also sited along the deep waters of Port Valdez. The Anderson Bay site was leased for a number of years to YPC in connection with its gasoline project. YPC received FERC approval for a liquefaction terminal at this same location, as well as long-term authorization from the DOE for LNG export for 14 mta to Japan, Korea, and Taiwan.¹

Alaska Statute § 38.05.810 provides favorable language regarding the lease of state land to port authorities. This indicates that AGPA, as a municipal port authority, would receive preferential treatment in its application to lease the Anderson Bay property.

Another option would be to co-locate the new liquefaction facility at the existing TAPS Valdez Marine Oil Terminal. This facility received a maximum of 2.1 million barrels per day of North Slope oil at its peak and now receives approximately 600,000 barrels per day. AGPA engaged an engineering company to evaluate the feasibility of co-locating the LNG Terminal adjacent to the existing Valdez Marine Oil Terminal. Based on the work performed, this appears to be a viable option.

A third option to be explored is the use of floating liquefaction terminal (FLNG) facilities in the waters of Port Valdez. This option is currently under construction for LNG

¹ FERC Anderson Bay Final EIS, dated March, 1995; DOE/FE Opinion and Order No. 350, Order Granting Authorization to Export Liquefied Natural Gas from Alaska, dated November 16, 1989; DOE/FE Opinion and Order No. 350-A, Order Denying Requests for Rehearing and Modifying Prior Order for Purpose of Clarification, dated March 8, 1990.

projects in Australia as well as the U. S. Gulf Coast.² One of these projects is set for operation in 2015.³ Thus, incorporating this technology is a viable possibility for the Valdez LNG plant.

In any of the above options, AGPA's liquefaction Project will require new facilities to be constructed.

IV. EXPORT SOURCES

Natural gas to be liquefied and exported will come from Alaska's North Slope. Since oil was discovered there in the late 1960s, associated gas has been brought to the surface by producing wells. Because there is no infrastructure (e.g, a gas pipeline) to move that gas to market, North Slope operators separate the natural gas from the oil and reinject gas back into the well reservoir. The amount of conventional gas re-injected is about 8.6 bcf per day.⁴ The current estimate of natural gas reserves on the North Slope is 36 trillion cubic feet (tcf).⁵ The United States Geological Survey estimates that another 127 tcf of technically recoverable natural gas remains to be discovered.⁶ There is presently aggressive oil and gas exploration efforts offshore of Alaska's North Slope, with a high expectation that there will be large volume discoveries of natural gas. Natural gas from the North Slope will be transported by pipeline to the AGPA Terminal.

² www.reuters.com/article/2012/06/05/gas-world-petronas-flng-idUSL3E8H44NE20120605 (accessed July 2, 2012).

³ *Id.*

⁴ See www.netl.doe.gov/technologies/oil-gas/AEO/FossilEnergy/AlaskaGas.html (accessed July 5, 2012).

⁵ *Id.*

⁶ *Id.*

V. PUBLIC INTEREST

Section 3(b) of the NGA as amended in 1992 instructs that applications for the exportation of natural gas, including LNG, to countries with which the United States has entered into a free trade agreement receive “national treatment” in trade. 15 U.S.C. § 717b(b). Further, such applications are deemed in the public interest and are to be granted without modification or delay. 15 U.S.C. § 717b(c). AGPA respectfully requests the DOE/FE grant this application pursuant to NGA Sections 3(a) and 3(c), § 717b(a) & (c), and the applicable delegations and redelegations of authority.

VI. AUTHORITY REQUESTED

AGPA proposes to engage in the exportation of LNG of up to the equivalent of 2.5 bcf of natural gas per day, or 19 mtpa of LNG. AGPA requests long-term, multi-contract authorization for the exportation of domestically produced LNG for a term of twenty-five years commencing on the date of the first LNG export or eight years from the date that the authorization is issued, whichever is earlier.

AGPA requests authorization to export LNG to any country which has or in the future develops the capacity to import LNG via ocean-going carrier and with which the U.S. has, or in the future enters into, an FTA. Additionally, AGPA requests authorization to act as an agent for third parties seeking to liquefy and export LNG under liquefaction tolling agreements (LTAs) whereby AGPA will not hold title to the natural gas, but rather receive the natural gas at the liquefaction facility, and providing the third party with LNG to load onto tankers for export. DOE/FE has previously granted applications for export licenses using the LTA model in place of or in addition to the traditional long-term contract

approach.⁷ AGPA anticipates entering into one or more LTAs as well as long-term (more than two years and up to 25 years) contractual agreements with customers for natural gas liquefaction and LNG export services. To insure that all exports are permitted and lawful under U.S. laws and policies, AGPA will comply with all DOE requirements for an exporter or agent.

In Order No. 2913, the DOE approved a proposal to register each LNG title holder for whom the applicant sought to export LNG as an agent. Therefore, when acting as agent, AGPA will register with DOE each LNG title holder for whom AGPA seeks to export as agent, and will provide DOE with a written statement by the title holder acknowledging and agreeing to (i) comply with all requirements in AGPA's long-term export authorization, and (ii) include those requirements in any subsequent purchase or sale agreement entered into by the title holder. AGPA 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.

Long-term authorization to export LNG is required in order to negotiate long-term contracts with customers. AGPA has received significant written interest in this Project from the Asian market which AGPA will provide under seal as part of any further application for export to non-FTA countries.

AGPA requests that, given the state of development for this Project, DOE find that AGPA is not required to submit with its application transaction-specific information as

⁷ See, e.g., Freeport, LNG, FE Docket No. 12-06-LNG, Order No. 3066; Cameron LNG, FE Docket No. 11-145-LNG, Order No. 3059; Dominion Cove Point, FE Docket No. 11-115-145, Order No. 3019.

specified in section 590.202(b) of the DOE's regulations. Such a finding would be consistent with previous orders.⁸

VII. ENVIRONMENTAL REVIEW

After receiving the authorization from DOE/FE requested herein, AGPA will initiate FERC's NEPA pre-filing process. AGPA plans to then file an application with FERC for the necessary authorizations to allow for the liquefaction of domestically produced natural gas and export of LNG from Port Valdez. AGPA's application will include the necessary documentation for FERC to complete its environmental review under NEPA. AGPA requests that DOE/FE issue a conditional order authorizing the export of LNG, conditioned on completion of the environmental review by FERC. This request is consistent with DOE/FE's prior approval of several export license applications prior to construction and FERC approval of the liquefaction facilities.⁹

VIII. APPENDICES

The following appendices are attached hereto and incorporated by reference herein:

Appendix A: Verification

Appendix B: Opinion of Counsel

Appendix C: Resolution of Support from the Valdez City Council

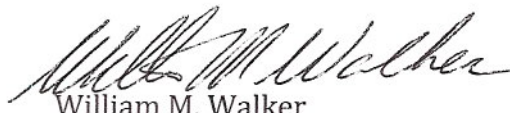
⁸ See, Sabine Pass Liquefaction, LLC, FE Docket No. 10-85-LNG, Order No. 2833

⁹ See, e.g., Freeport LNG, FE Docket No. 12-06-LNG, Order No. 3066; Cameron, LNG, FE Docket No. 11-145-LNG, Order No. 3059; Dominion Cove Point LNG, LP, FE Docket No. 11-115-LNG, Order No. 3019; Freeport, LNG, FE Docket No. 10-160-LNG, Order No. 2913; Sabine Pass Liquefaction, LLC, FE Docket No. 10-111-LNG, Order No. 2961; Sabine Pass Liquefaction, LLC, FE Docket No. 10-85-LNG, Order No. 2833.

IX. CONCLUSION

As discussed, AGPA requests that the DOE/FE grant it export authority to engage in long-term, multi-contract exports of domestically produced LNG for a term of twenty-five years, up to the equivalent of approximately 2.5 bcf of natural gas per day or approximately 19 mpta, to any country which has or in the future develops the capacity to import LNG via ocean-going carrier and with which the United States has, or in the future enters into, a Free Trade Agreement (FTA) requiring the national treatment for trade in natural gas. AGPA respectfully requests that the DOE/FE grant such authority as expeditiously as possible.

Respectfully submitted



William M. Walker
Walker Richards, LLC
Authorized Representative of
Alaska Gasline Port Authority

APPENDIX A

APPENDIX B

WALKER RICHARDS, LLC

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Larine A Moore
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Re: Alaska Gasline Port Authority
FE Docket No. 12 - ____ - LNG
Application for Long-Term Authorization to
Export Liquefied Natural Gas to Free Trade Countries

Dear Ms. Moore:

This opinion of counsel is submitted pursuant to 10 C.F.R. § 590.202(c) of the Department of Energy administrative procedures. The undersigned is counsel to the Alaska Gasline Port Authority.

I have reviewed the corporate documents and it is my opinion that the proposed long-term export of liquefied natural gas by the Alaska Port Authority is within the corporate powers of the Alaska Gasline Port Authority.

Respectfully submitted,



William M. Walker
General Counsel
Alaska Gasline Port Authority

APPENDIX C

CITY OF VALDEZ, ALASKA

RESOLUTION NO. 12-40

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, SUPPORTING THE ALASKA GASLINE PORT AUTHORITY PROPOSED GASLINE PROJECT AND EXPORT LICENSE APPLICATION FILED WITH THE U.S. DEPARTMENT OF ENERGY.

WHEREAS, the City Council of the City of Valdez has reviewed the Alaska Gasline Port Authority's (AGPA) application for an export license with the Department of Energy (DOE); and

WHEREAS, on Alaska's North Slope, 8.4 billion cubic feet of natural gas that is brought out of those wells each day along with the daily oil extraction, is re injected back into the field in part because there is no infrastructure to take that gas to markets, and

WHEREAS, the Alaska Gasline Port Authority was formed in 1999 to bring Alaska's natural gas resource to Alaskans and the market.

WHEREAS, the Asian Rim maintains a high demand for liquefied natural gas (LNG); and is interested in a diversified, reliable, and long-term source of LNG to provide clean and stable energy; and

WHEREAS, Alaska's North Slope proven natural gas reserves of over 36 trillion cubic feet with official government estimates of an additional 127+ trillion cubic feet of natural gas; and

WHEREAS a recent Wood Mackenzie report concluded that a large volume natural gas pipeline/export project would generate significant revenue to the State of Alaska; and

WHEREAS, construction and operation of a large-volume gasline to tidewater at Valdez would have a significant beneficial economic impact and create thousands of jobs both in Alaska and the Lower 48 states; and

WHEREAS, the entire state of Alaska would be greatly benefited by the boost to the economy from the additional infrastructure, revenue source, and job creation from this project; and


WHEREAS, recent studies performed for the Alaska Gasline Port Authority concluded that by having an LNG export project from Valdez, Alaska, the cost of energy in many parts of Alaska would be reduced by as much as 80% and would greatly benefit by a reduced cost of energy resulting from domestic use of the natural gas.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, THAT

The City Council of Valdez, Alaska **strongly** supports the Alaska Gasline Port Authority's application for an export license from the Department of Energy. The City Council joins Alaska Gasline Port Authority's request that the export license be granted "without modification or delay" so that this greatly anticipated project proceeds accordingly.

PASSED AND APPROVED BY THE CITY COUNCIL FOR THE CITY OF VALDEZ, ALASKA, this 2nd day of July, 2012.

CITY OF VALDEZ, ALASKA


David C. Cobb, Mayor

ATTEST:


Sheri L. Pierce, MMC, City Clerk

