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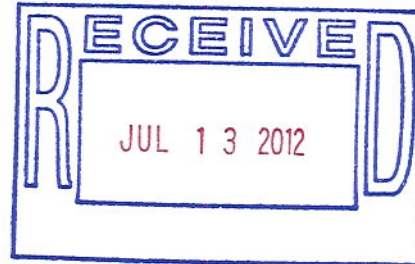
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July 13, 2012



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

**Re: *The Dow Chemical Company*, Docket No. 12-76-LNG
Application for Blanket Authorization to Export Liquefied Natural Gas on a
Short-Term Basis**

Dear Mr. Anderson:

Pursuant to Section 3 of the Natural Gas Act, 15 U.S.C. § 717b, and Part 590 of the regulations of the Department of Energy, 10 C.F.R. Part 590 (2012), The Dow Chemical Company ("Dow") hereby files an original and fifteen (15) copies of its Application for Blanket Authorization to Export Liquefied Natural Gas on a Short-Term Basis.¹ An electronic copy of the application is also provided on the enclosed compact disk. A check in the amount of \$50 is being provided as the filing fee stipulated by 10 C.F.R. § 590.207 (2012). I have enclosed four (4) extra copies of the application to be date-time stamped and returned to our messenger.

Thank you for your attention to this matter. Please contact the undersigned at (202) 429-8801 if you have any questions regarding this filing.

Respectfully submitted,

Douglas F. John
Counsel for The Dow Chemical Company

Enclosures

¹ The application specifically seeks to renew the blanket export authorization that was granted to Dow by Order No. 2859, which authorization expires on October 4, 2012. See *The Dow Chemical Company*, FE10-57-LNG, DOE Opinion and Order No. 2859 (Oct. 5, 2010).

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



In the Matter of:)
)
THE DOW CHEMICAL COMPANY)

Docket No. 12-76-LNG

**APPLICATION OF THE DOW CHEMICAL COMPANY
FOR BLANKET AUTHORIZATION
TO EXPORT LIQUEFIED NATURAL GAS ON A SHORT-TERM BASIS**

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. Part 590 (2012), The Dow Chemical Company (“Dow”) hereby submits this application to the Office of Fossil Energy (“FE”) for an order granting it blanket authorization to export liquefied natural gas (“LNG”) that has previously been imported into the United States (“U.S.”) from foreign sources in an amount up the equivalent of 390 billion cubic feet (“Bcf”) of natural gas on a cumulative basis for a two-year period commencing on October 5, 2012, which, as explained below, is the date following the date upon which Dow’s current LNG re-export authorization is scheduled to expire.¹ Dow seeks authorization to export this volume of LNG on a short-term basis or spot market basis from LNG terminal facilities owned by Freeport LNG Development, L.P. (“Freeport LNG”) on Quintana Island, Texas, to any country with the capacity to import LNG via ocean-going carrier and with which trade is not prohibited by U.S. law or policy. Good cause exists to grant the requested authorization for the reasons set forth below.

¹ To the extent needed, Dow requests waiver of the 90-day filing deadline set forth in 10 C.F.R. § 590.201(b) (2012).

I. DESCRIPTION OF APPLICANT

The exact legal name of Dow is The Dow Chemical Company. Dow's corporate address is 2030 Dow Center, Midland, Michigan 48674. Dow is an international chemical and plastics manufacturing company with operations in a number of U.S. states.

As relevant here, Dow owns and operates a large petrochemical manufacturing facility in Freeport, Texas. The facility is located within close proximity to the Freeport LNG import/export terminal that is located on Quintana Island, Texas. In order to secure natural gas supplies for various operations at its Freeport petrochemical facility, Dow has contracted for 0.5 Bcf/day of terminal capacity from Freeport LNG for a twenty-year period that commenced in July 2008.² Dow has also applied for and secured blanket authorizations relating to both the import and re-export of LNG through the Freeport LNG terminal.

Dow's most recent LNG import authorization was granted on April 20, 2012, in Order No. 3083.³ In that order, DOE/FE granted Dow blanket authorization to import and export natural gas from and to Canada and Mexico, and to import LNG from various international sources by vessel up to a combined total of the equivalent of 390 Bcf of natural gas, pursuant to transactions that have terms no longer than two years. The authorization was granted for a two-year term beginning on June 1, 2012, and extending through May 31, 2014.

² Dow's petrochemical manufacturing facility can receive revaporized natural gas from the Freeport LNG terminal via: (1) a 9.6-mile, 42-inch diameter send-out line that is owned and operated by Freeport LNG, which extends from the LNG import terminal to a meter station near Stratton Ridge, Texas; and (2) a 20-inch line that is presently owned and operated by Dow, which interconnects with a 0.6 mile interconnecting pipeline near the Stratton Ridge meter station and which extends to Dow's petrochemical manufacturing plant.

³ See *The Dow Chemical Company*, FE12-27-NG, DOE/FE Order No. 3083 (April 20, 2012).

Dow's currently-effective LNG re-export authorization was issued on October 5, 2010, in Order No. 2859.⁴ In that order, DOE/FE granted Dow blanket authorization to export LNG that has previously been imported from foreign sources in an amount up to the equivalent of 390 Bcf of natural gas pursuant to transactions that have terms of no longer than two years. The authorization was granted for a two-year term beginning on October 5, 2010, and extending through October 4, 2012. The authorization permits the export of previously-imported LNG from the Freeport LNG terminal on Quintana Island, Texas, to any country with the capacity to import LNG via ocean-going carrier and with which trade is not prohibited by U.S. law or policy. To date, Dow has not used its blanket export authorization to export previously imported LNG.

II. COMMUNICATIONS

Communications and correspondence concerning this filing should be directed to the following:

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III. AUTHORIZATION REQUESTED

In this application, Dow seeks to renew the blanket re-export authorization that was granted to Dow in Order No. 2859, which authorization expires on October 4, 2012. Specifically, Dow requests blanket authorization to export previously-imported LNG on a short-

⁴ See *The Dow Chemical Company*, FE10-57-LNG, DOE Opinion and Order No. 2859 (Oct. 5, 2010).

term or spot market basis up to the equivalent of 390 Bcf of natural gas cumulatively over a two-year period commencing on October 5, 2012. Dow further requests that such authorization extend to LNG supplies imported from foreign sources to which Dow holds title, as well as to LNG supplies imported from foreign sources that Dow may export on behalf of other entities who themselves hold title.⁵ Dow will not export LNG to those countries with which trade is prohibited by Federal law or policy. There are no other proceedings related to this application currently pending before DOE or any other federal agency. Dow does not herein seek authorization to export domestically-produced LNG. Instead, Dow only seeks renewed authorization to export LNG that has previously been imported into the U.S. from foreign sources.

Like other entities, Dow's interest in renewing its blanket re-export authorization is driven by its desire to optimize the long-term LNG terminalling capacity for which it has contracted at the Freeport LNG terminal and its need for flexibility to respond to periodic changes in domestic and world markets for natural gas and LNG. Once LNG has been imported into the U.S. and is in storage at the Freeport LNG import terminal, Dow desires the flexibility either to export the imported LNG to other world markets or to have LNG regasified for sale or use in domestic markets, including at Dow's petrochemical facility in Freeport. This decision is generally made based on prevailing market conditions. As explained below, the blanket export authorization requested by Dow is not inconsistent with the public interest because the LNG to be exported by Dow is not needed to meet domestic needs and granting the blanket export authorization will provide other benefits.

⁵ Dow is aware that DOE/FE has adopted a more extensive policy for authorizing a permit holder to act as agent for third-parties since issuance of its current LNG re-export authorization. *See Freeport LNG Expansion, L.P. and Freeport LNG Liquefaction, LLC*, DOE/FE Order No. 2913 (Feb. 10, 2011). Dow is willing to abide by DOE/FE's currently-applicable agency rights standards.

IV. **PUBLIC INTEREST STANDARD**

A. **Standard of Review.**

Under Section 3 of the NGA, as amended by Section 201 of the Energy Policy Act of 1992, DOE/FE must authorize exports from the U.S. to a foreign country unless there is a finding that the export “will not be consistent with the public interest.”⁶ DOE/FE has further found that Section 3 of the NGA creates a statutory presumption in favor of approval of a properly-framed export application,⁷ and that the public interest determination is guided by DOE Delegation Order No. 0204-111, which provides that domestic need for natural gas is the principal factor to be considered when evaluating an export application.⁸ As explained below, the blanket export authorization requested by Dow satisfies this public interest standard.

B. **There is No Domestic Need for the LNG to be Exported by Dow.**

DOE/FE’s evaluation of natural gas export applications typically involves an analysis of the domestic impacts that would result from the loss of domestic natural gas that is exported. DOE/FE has explained the applicability of this analysis to the export of previously-imported LNG as follows:

The instant application involves a request for authorization to export LNG that was not produced in the United States. Accordingly, exporting the gas necessarily could not reduce the availability of domestically produced gas. On the other hand, exporting previously imported LNG will still affect the domestic market because, for a two-year period, the exports will reduce the volume of natural gas potentially available for domestic consumption.⁹

⁶ 15 U.S.C. § 717b(a). Natural gas is defined to include LNG in 10 C.F.R. § 590.102(i) (2012).

⁷ See *Phillips Alaska Natural Gas Corp. and Marathon Oil Co.*, DOE/FE Opinion and Order No. 1473, 2 FE ¶ 70,317 at p. 13, n. 42 (Apr. 2, 1999), citing *Panhandle Producers and Royalty Owners Association v. ERA*, 822 F.2d 1105, 1111 (DC Cir. 1987).

⁸ See *id.* at p. 14.

⁹ *Freeport LNG Development, L.P.*, DOE/FE Order No. 2986 at p. 6 (Jul. 19, 2011).

In recent years, DOE/FE has issued a number of blanket authorizations to export previously-imported LNG, including the one issued to Dow in Order No. 2859, finding that such LNG is not needed to meet domestic demand for natural gas.¹⁰

Moreover, on July 19, 2011, DOE/FE issued Order No. 2986 which renewed Freeport LNG's authorization to export previously-imported LNG from its terminal facilities on Quintana Island, Texas.¹¹ In that order and others,¹² DOE/FE has taken administrative notice that a review of the most recent data and analysis prepared by the Energy Information Administration ("EIA") shows an increasing volume of shale gas production compared to the data and projections referenced in Dow's previous export authorization, Order No. 2859.¹³ Specifically, DOE/FE stated that EIA indicates that domestic shale gas production increased to 3.1 trillion cubic feet ("Tcf") in 2009 compared to 2.1 Tcf and 1.3 Tcf in 2008 and 2007, respectively.¹⁴ DOE/FE also stated that, in the *Annual Energy Outlook 2011*, EIA projects that, by 2015, shale gas production will increase to 7.2 Tcf compared to the 3.85 Tcf that was projected in Dow's previous authorization.¹⁵ DOE/FE therefore concluded that, "the evidence of record indicates that United States consumers continue to have access to substantial quantities of natural gas sufficient to meet domestic demand from multiple other sources at competitive prices without drawing on the

¹⁰ See, e.g., *ENI USA Gas Marketing LLC*, DOE/FE Order No. 2923 (Mar. 3, 2011); *Sempra Marketing, LLC*, DOE/FE Order No. 2885 (Dec. 3, 2010); *Cheniere Marketing, LLC*, DOE/FE Order No. 2795 (Jun. 1, 2010).

¹¹ See *supra*, note 9.

¹² See also, e.g., *ConocoPhillips Company*, DOE/FE Order No. 3038 (Nov. 22, 2011).

¹³ Order No. 2986 at p 7.

¹⁴ *Id.*

¹⁵ *Id.*

LNG which Freeport LNG seeks to export.”¹⁶ This record of evidence also supports the conclusion that the foreign-sourced LNG that Dow may export from the Freeport LNG terminal facilities pursuant to the blanket authorization requested herein are not needed to meet domestic demand.

B. Other Benefits.

As indicated in the monthly reports filed with DOE/FE pursuant to Order No. 2859, to date, Dow has not used its currently-effective blanket authorization to export previously-imported LNG from the U.S. Nevertheless, the availability of the blanket export authorization is conducive to the importation of LNG cargos into the U.S. by Dow by enabling it to import LNG cargos into the U.S. without fear that such cargos will become captive to the U.S. market if, in Dow’s view, market conditions ultimately do not support delivering or using regasified LNG in the U.S. market.

V. ENVIRONMENTAL IMPACT

The requested export authorization does not raise any environmental concerns. No new facilities or modification to any existing facilities at Freeport LNG’s Quintana Island terminal would be required in order for Dow to export LNG from the terminal. The environmental impacts of permitting the exportation of LNG from Freeport LNG’s Quintana Island terminal facilities were already reviewed by DOE/FE in Order No. 2644.¹⁷ The DOE/FE has also previously found that the export of LNG by Dow and others from the Freeport LNG terminal facilities will have no additional environmental impact.¹⁸

¹⁶ *Id.*

¹⁷ *See also* DOE/FE Order No. 2986 at p. 9, n. 14.

¹⁸ *See, e.g.,* DOE Opinion and Order No. 2859 at pp. 6-7.

VI. APPENDICES

The following appendices are attached hereto:

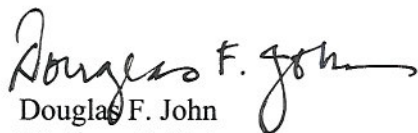
Appendix A: Verification

Appendix B: Opinion of Counsel

VII. CONCLUSION

For the reasons set forth above, Dow respectfully requests that DOE/FE issue an order granting Dow blanket authorization for a two-year period commencing on October 5, 2012, to engage in short-term exports of previously-imported LNG up the equivalent of 390 Bcf of natural gas on a cumulative basis from Freeport LNG's terminal facilities on Quintana Island, Texas, to any country with which such trade is not prohibited by Federal law or policy.

Respectfully submitted,



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Attorneys for The Dow Chemical Company

July 13, 2012


Appendix A

Verification

VERIFICATION

County of Harris)
)
State of Texas) ss

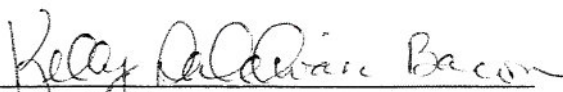
I, Gary J. Chapman, being duly sworn on his oath, does hereby depose and say that I am Senior Commercial Manager, Dow Hydrocarbons and Resources LLC; that I am familiar with the contents of the foregoing application; and that the matters set forth therein are true and correct to the best of my knowledge, information and belief.



Gary J. Chapman
Senior Commercial Manager
Dow Hydrocarbons and Resources LLC

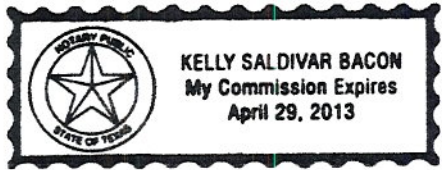
Sworn to and subscribed before me, a Notary Public, in and for the State of Texas, this 12 day of July, 2012.

(NOTARIAL SEAL)



Notary Public

My Commission Expires: April 29, 2013



Appendix B

Opinion of Counsel



The Dow Chemical Company

July 12, 2012

Office of Fuels Program
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: The Dow Chemical Company
Application for Blanket Authorization to Export Liquefied Natural Gas

Dear Sir or Madam:

This opinion of counsel is provided in accordance with the requirements of Section 590.202(c) of the U.S. Department of Energy's regulations, 10 C.F.R. § 590.202(c) (2012). I have examined the Certificate of Incorporation of The Dow Chemical Company ("Dow") and other authorities as necessary, and have concluded that the proposed exportation of liquefied natural gas by Dow is within its corporate powers. Further, Dow is authorized to do business in Texas and other U.S. states and to engage in foreign commerce.

Respectfully submitted,

A handwritten signature in black ink that reads "Eric P. Blackhurst".

Eric Blackhurst
Assistant General Counsel
The Dow Chemical Company



WORLD WIDE PARTNER