



Rec'd DOE/FE 8/17/12

August 17, 2012

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

FE Dkt. No. 12-88-LNG

Re: Golden Pass Products LLC, FE Docket No. 12-\_\_-LNG  
Application for Long-Term Authorization to Export LNG to  
Free Trade Agreement Countries

Dear Mr. Anderson:

Golden Pass Products LLC ("GPP") hereby submits for filing with the U.S. Department of Energy, Office of Fossil Energy ("DOE/FE"), an Application for long-term, multi-contract authorization to export domestically produced Liquefied Natural Gas ("LNG") to any country that has developed, or in the future develops, the capability to import LNG via ocean-going carriers and with which the United States has, or in the future will have, entered into a Free Trade Agreement, requiring the national treatment for trade in natural gas.

Pursuant to the DOE/FE regulations at 10 C.F.R. § 590.207, GPP will separately submit a check for \$50.00 made payable to "Treasury of the United States" for the filing fee.

Please contact the undersigned if you have any questions concerning this Application.

Respectfully submitted,

A handwritten signature in blue ink that reads "Blaine Yamagata".

Blaine Yamagata  
Vice President and General Counsel  
Golden Pass Products LLC

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

**Golden Pass Products LLC**

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**FE Docket No. 12- -LNG**

**APPLICATION OF GOLDEN PASS PRODUCTS LLC FOR  
LONG-TERM AUTHORIZATION TO EXPORT LIQUEFIED NATURAL GAS  
TO FREE TRADE AGREEMENT COUNTRIES**

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**Attorneys for GOLDEN PASS PRODUCTS LLC**

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LONG-TERM AUTHORIZATION TO EXPORT LIQUEFIED NATURAL GAS  
TO FREE TRADE AGREEMENT COUNTRIES**

Pursuant to Section 3 of the Natural Gas Act<sup>1</sup> and Part 590 of the Department of Energy (“DOE”) Regulations, Golden Pass Products LLC (“GPP”) hereby requests authorization from the DOE Office of Fossil Energy (“DOE/FE”) to engage in exports of up to 740 billion cubic feet (“Bcf”) of domestically produced natural gas equivalent per annum, which would equate to 15.6 million metric tons per annum (“MTPA”) of liquefied natural gas (“LNG”).<sup>2</sup> In order to engage in these exports, GPP requests authority to (1) engage in natural gas purchases and LNG sales for export and (2) act as agent for third parties. In addition, GPP requests authorization to provide tolling services for third parties. GPP requests these authorizations for a 25-year term commencing on the earlier of (1) the date of first export or (2) 10 years from the date the requested authorization is issued.

GPP proposes to export LNG from the location of an existing LNG import terminal owned and operated by Golden Pass LNG Terminal, LLC (“GPLNG”), located in Sabine Pass, Texas, 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 (“U.S.”) has, or in the future enters into, a Free

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<sup>1</sup> (“NGA”), 15 U.S.C. § 717b.

<sup>2</sup> On a daily basis, the total annual export quantity for which authorization is sought would equate to a nominal quantity of approximately 2.0 Bcf of natural gas equivalent, and a daily peak of 2.6 Bcf of natural gas equivalent.

Trade Agreement (“FTA”) requiring the national treatment for trade in natural gas.<sup>3</sup> This Application represents the first part of GPP’s planned two-part request for authorization to export domestic natural gas in the form of LNG from the GPLNG terminal location. GPP will file a separate application with DOE/FE to export domestically produced LNG to any county (1) with which the U.S. does not have an FTA requiring national treatment for trade in natural gas, and (2) which has or in the future develops the capacity to import LNG via ocean-going carrier, and (3) with which trade is not prohibited by U.S. law or policy. Grant of GPP’s non-FTA application will require an analysis of the public interest by the DOE/FE; accordingly, GPP will provide the necessary supporting evidence relevant to the public interest with that application.

In addition, following authorizations received from DOE/FE, GPP plans to file with the Federal Energy Regulatory Commission (“FERC”) an application seeking authorization under NGA Section 3 to site, construct and operate liquefaction facilities at the site of the GPLNG import terminal to enable GPP to liquefy and deliver domestically produced natural gas to ocean-going vessels.

This Application requests authorization to export LNG only to countries with which the U.S. has or enters into an FTA requiring national treatment for trade in natural gas. This authorization is subject to review pursuant to the standards established in the Energy Policy Act of 1992 (“EPAAct 1992”). As discussed more fully below, Section 3(c) of the NGA, as amended

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<sup>3</sup> For ease of reference, this Application refers to these countries as “FTA nations.” As of August 17, 2012, the U.S. has FTAs requiring national treatment for trade in natural gas with Australia, Bahrain, Canada, Chile, Columbia, the Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Peru, Republic of Korea and Singapore. DOE/FE has recognized that existing FTAs with Costa Rica and Israel do not provide for national treatment in natural gas. GPP requests that its request be deemed to include any countries with which the U.S. enters into appropriate FTAs in the future. Congressional approval has been granted to treat Panama as a FTA country but that approval had not taken effect as of August 17, 2012.

by Section 201 of the EAct 1992, requires that applications seeking to authorize the exportation of natural gas, including LNG, to an FTA nation, must be “deemed to be consistent with the public interest” and “granted without modification or delay.”<sup>4</sup>

## **I. DESCRIPTION OF THE APPLICANT**

The exact legal name of GPP is Golden Pass Products LLC. GPP is a limited liability company organized and existing under the laws of the State of Delaware, with its principal place of business at Three Allen Center, Suite 802, 333 Clay Street, Houston, TX 77002. GPP is owned by QTL U.S. Terminal LLC and Golden Pass LNG Terminal Investments LLC. GPP is affiliated with Golden Pass LNG Terminal, LLC.<sup>5</sup> GPLNG owns and operates an LNG import terminal located near the town of Sabine Pass, in Jefferson County, Texas. The GPP facilities will be located adjacent to the GPLNG import terminal. GPP is also affiliated with Golden Pass Pipeline, LLC (“GPPL”), an interstate pipeline regulated by the FERC that will deliver natural gas to the GPP facilities.

## **II. COMMUNICATIONS AND CORRESPONDENCE**

Pursuant to Section 590.202(a) of the DOE/FE regulations,<sup>6</sup> the names, titles, and mailing addresses of two persons to be included on the official service list as representatives of GPP are provided below:

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<sup>4</sup> 15 U.S.C. § 717b(c).

<sup>5</sup> The GPLNG terminal was authorized by the FERC in *Golden Pass LNG Terminal LP and Golden Pass Pipeline LP*, 112 FERC ¶ 61,041 (2005) (“Certificate Order”), *amended*, *Golden Pass Pipeline LP*, 117 FERC ¶ 61,015, *further amended*, 117 FERC ¶ 61,332 (2006), *further amended*, 134 FERC ¶ 61,037 (2011).

<sup>6</sup> 10 C.F.R. § 590.202(a).

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### III. DESCRIPTION OF PROPOSAL

GPP requests long-term, multi-contract authorization for the exportation of domestically produced LNG for a term of 25 years commencing on the date of the first LNG export or 10 years from the date that the authorization is issued, whichever is earlier. As stated above, GPP proposes to export up to 740 Bcf of natural gas equivalent per annum, which equates to 15.6 MTPA of LNG.<sup>7</sup> GPP requests this export authority for itself so that it can (1) engage in natural gas purchases and LNG sales for export, and (2) act as agent for third parties. In addition, GPP seeks authorization to provide services as a tolling facility for third parties.

GPP anticipates entering into one or more long-term agreements<sup>8</sup> with customers for

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<sup>7</sup> Section 590.202(b) (1) of the DOE Regulations, 10 C.F.R. §590.202(b) (1) requires that applications for export or import authority set forth “the volumes of natural gas involved, expressed either in Mcf or Bcf and their Bcf equivalents.” Recent DOE/FE orders authorizing LNG exports have stated the authorized export quantities in Bcf. *See, Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC*, FE Docket No. 10-160-LNG, Order No. 2913 (February 10, 2011)(9 MTPA, 1.4 Bcf/d); *Lake Charles Exports, LLC*, FE Docket No. 11-59-LNG, Order No. 2987 (July 22, 2011)(15 MTPA, 2.0 Bcf/d). GPP accordingly states its request in this Application in Bcf/d. GPP bases this request on an Energy Information Administration (“EIA”) conversion factor of 47.256 Bcf per metric ton of LNG. However, the actual conversion factor will depend on the composition of the natural gas. At the stated conversion factor, GPP’s exports would average approximately 2.0 Bcf/d annually. GPP seeks authorization to export a peak daily quantity of 2.6 Bcf/d, not to exceed 740 Bcf annually.

<sup>8</sup> GPP requests export authorization for 25 years, even though it anticipates contracts of lesser terms. The requested duration for the authorization would provide needed flexibility for contracts that may not have become effective at the time service commences.

natural gas liquefaction and LNG export services on a date that is closer to the start of export operations. These contracts will provide for GPP to liquefy natural gas and load it onto LNG tankers for export. The specific terms of GPP's future contracts with customers for liquefaction and exportation of natural gas will include provisions governing dates of commencement and termination, pricing, volumes, and export destinations. Market conditions and negotiations will determine the precise terms of these contracts. The contracts may or may not specify the countries of destination, to provide flexibility to the exporter. However, such contracts will expressly require that export destinations be consistent with GPP's export authorization from DOE/FE, and shall be reported to DOE/FE on a monthly basis. This approach is consistent with the terms recently approved by DOE/FE for a similar LNG export authorization.<sup>9</sup>

Customers that utilize the agency services of GPP or who seek to utilize tolling services will be responsible for procuring their own gas supplies and holding title to the gas that they will deliver to the GPP facility.<sup>10</sup> To make these deliveries to the GPP liquefaction facility, those utilizing the services of GPP may enter into long-term gas supply contracts or procure spot supplies in the very large and liquid U.S. gas market. These shippers will be responsible for delivery of the gas to the GPP facility. Tolling customers who do not also utilize the export

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<sup>9</sup> *Sabine Pass Liquefaction, LLC*, FE Docket No. 10-85-LNG, Order No. 2833 (September 7, 2010), and FE Docket No. 10-111-LNG, Order No. 2961 (May 20, 2011).

<sup>10</sup> Consistent with the terms for an LNG terminal operator receiving export authorization in its role as agent for others established by DOE/FE in *Freeport LNG Development, LP*, FE Docket No. 11-51-LNG, DOE/FE Order No. 2986 (July 19, 2011) ("*Freeport*"), GPP will register with DOE/FE each LNG title holder for which GPP seeks to export LNG. In addition, and as required in *Freeport*, the registration will include a written statement by the title holder acknowledging and agreeing to (1) comply with all applicable requirements included in GPP's export authorization and (2) include those requirements in any subsequent purchase or sale agreement entered into for the export of LNG by that title holder. GPP also will file, under seal, with DOE/FE any relevant long-term commercial agreements it enters into with LNG title holders on behalf of which it will export LNG, consistent with the prior orders. The DOE/FE has recognized that this registration process is responsive to current LNG markets and provides for expedited authorization of LNG exports.

agency services of GPP will be required to have their own DOE/FE Section 3 authorizations to export natural gas. *Id.*

GPP plans to export domestically produced natural gas delivered from the interstate pipeline grid and sourced from very large and liquid U.S. gas market. The GPP liquefaction facility will be located on the Gulf Coast, in an active production area that is linked by existing pipelines to a wide array of diverse sources. LNG exports will provide an outlet for domestic gas production, thereby promoting the continued development of U.S. energy resources.

GPP plans to construct new facilities adjacent to the existing GPLNG import terminal site to provide gas liquefaction and LNG export services to customers. Following the construction of the liquefaction facilities, a bi-directional facility will be available. The GPP facilities, which will be integrated with existing GPLNG terminal facilities pursuant to agreements between GPLNG and GPP, will provide liquefaction and export services. The GPP facilities can be used to export LNG, and the GPLNG facilities can be used to provide import services, allowing the facilities to adjust to market conditions.<sup>11</sup> This flexibility comports with DOE policy favoring the trade of natural gas on a market-competitive basis.

GPP will not be able to commence LNG exports under the requested authorization until the FERC grants GPP authorization to construct and operate the necessary liquefaction and related facilities. GPP does not presently anticipate filing an application requesting such authorization from the FERC during the time period in which this Application will be pending

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<sup>11</sup> Existing facilities of GPLNG anticipated to be integrated into an export project include, among others, insulated LNG and gas piping within the terminal facility, the five LNG storage tanks, control systems, and the two existing docking berths. The GPLNG terminal is located in an area zoned for industrial use south of the Beaumont-Port Arthur-Orange industrial complex.



before the DOE/FE.<sup>12</sup> Accordingly, consistent with prior DOE/FE orders,<sup>13</sup> GPP requests that DOE/FE condition the authorization requested in this Application upon GPP's receipt of authorization by the FERC to site, construct and operate the facilities necessary for the export of LNG from the terminal.

#### **IV. BASIS FOR AUTHORIZATION**

GPP respectfully requests that the DOE/FE grant this Application pursuant to NGA Section 3(a) and the applicable delegations and re-delegations of authority.<sup>14</sup> NGA Section 3(a) provides, in pertinent part, that the DOE/FE “shall issue such order upon application, unless, after opportunity for hearing, it finds that the proposed exportation or importation will not be consistent with the public interest.”<sup>15</sup> NGA Section 3(c) further provides in pertinent part that for purposes of the public interest requirement under Section 3(a), “the 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.”<sup>16</sup>

In view of the statutory determination that LNG exports to FTA countries is presumptively consistent with the public interest as required under Section 3(a), DOE/FE is not

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<sup>12</sup> The Energy Policy Act of 2005 and the FERC's regulations require a mandatory “pre-filing” process that must commence at least six months prior to the formal filing of GPP's application with the FERC to modify GPLNG's existing facilities to provide for the export of LNG. 15 U.S.C. § 717b-1(a); 18 C.F.R. § 157.21. GPP may initiate the pre-filing process while this Application is pending before the DOE/FE.

<sup>13</sup> *Sempre LNG Marketing, LLC*, Docket No. FE10-110-LNG, DOE Opinion and Order No. 2885 at p. 6 (December 3, 2010).

<sup>14</sup> Ex. Ord. No. 10485, Sept. 3, 1953, 18 *Fed. Reg.* 5397, as amended by Ex. Ord. No. 12038, Feb. 3, 1978, 43 *Fed. Reg.* 4957.

<sup>15</sup> 15 U.S.C. § 717b(a).

<sup>16</sup> 15 U.S.C. § 717b(c).

required to analyze the factors affecting the public interest in acting on this Application. DOE/FE previously has recognized that exports of LNG to a country where there is a free trade agreement requiring national treatment for trade in natural gas are deemed consistent with the public interest and must be granted without delay or modification.<sup>17</sup>

Nevertheless, a wealth of data and pronouncements support LNG exports. Among other things, DOE/FE may take notice of EIA projections regarding increasing domestic natural gas resources. In the EIA *Annual Energy Outlook 2012* (“AEO2012”), EIA’s projections show substantial domestic gas supplies that can support gas exports, including LNG exports, over the long term. The AEO2012 estimates that the United States possessed 2,203 trillion cubic feet of technically recoverable natural gas resources as of January 1, 2010.<sup>18</sup> Moreover, granting this request for export authorization is fully consistent with the Executive Order of March 11, 2010 that established a National Export Initiative to promote US exports.<sup>19</sup>

## **V. ENVIRONMENTAL REVIEW**

As discussed above, the proposed export authorization GPP requests in this Application contemplates the construction of additional facilities at the GPLNG terminal site in Sabine Pass, Texas. The construction and operation of these facilities will be subject to authorization by the FERC. The FERC will conduct an environmental review of the proposed facilities under the National Environmental Policy Act of 1969 (“NEPA”) prior to authorizing the construction of these facilities.<sup>20</sup> Pursuant to the requirements of NEPA and the applicable FERC regulations,

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<sup>17</sup> See e.g., *Sabine Pass Liquefaction, LLC*, Order No. 2833 at 4.

<sup>18</sup> AEO2012, at p. 91.

<sup>19</sup> Executive Order – National Export Initiative (March 11, 2010) at <http://www.whitehouse.gov/the-press-office/executive-order-nationa-export-initiative>.

<sup>20</sup> 42 U.S.C. §§ 4321, *et seq.*

the facilities will be designed to minimize or mitigate any adverse environmental or related impacts. GPP requests that DOE/FE condition the order authorizing the LNG exports contemplated in this Application upon completion of the environmental review of the required export facilities. At the time GPP files its FERC Section 3 application, GPP will request that the DOE/FE participate in the environmental review as a collaborating agency.

## **VI. APPENDICES**

The following appendices are attached to this Application and are incorporated by reference herein:

Appendix A: Verification

Appendix B: Opinion of Counsel

## VII. CONCLUSION

WHEREFORE, for the foregoing reasons, GPP respectfully requests that the DOE/FE grant GPP authority to engage in long-term, multi-contract exports to FTA Nations of up to 740 Bcf per annum of domestically produced natural gas equivalent in the form of LNG. In connection with this export authority, GPP requests authorization to (1) engage in natural gas purchases and LNG sales for export and (2) act as agent for third parties. GPP further requests authorization to provide tolling services for third parties. GPP requests these authorizations for a 25-year term commencing on the earlier of (1) the date of first export or (2) 10 years from the date the requested authorization is issued. GPP further requests that the DOE/FE grant the requested authority expeditiously, to facilitate the necessary authorizations and construction of the required export facilities.

Respectfully submitted,



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Attorneys for  
Golden Pass Products LLC


## **APPENDIX A: VERIFICATION**

STATE OF TEXAS )  
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HARRIS COUNTY )

SS:

VERIFICATION

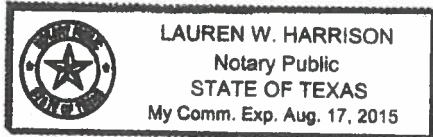
William D. Collins, being first duly sworn on his oath deposes and says: that he is President of Golden Pass Products LLC; that he is duly authorized to make this Verification; that he has read the foregoing application and is familiar with the contents thereof; that all the statements and matters contained therein are true and correct to the best of his information, knowledge and belief; and that he is authorized to execute and file the same with the United States Department of Energy.

  
WILLIAM D. COLLINS  
PRESIDENT

Sworn to and subscribed before me this 16<sup>th</sup> day of August 2012.

  
Lauren W. Harrison  
Notary Public for the State of Texas

My Commission Expires: 8/17/2015



**APPENDIX B: OPINION OF COUNSEL**

## OPINION OF COUNSEL

This Opinion is submitted pursuant to the Regulations of the Department of Energy/Office of Fossil Energy at 10 C.F.R. § 590.202(c). The Undersigned is counsel for Golden Pass Products LLC.

I have reviewed the corporate documents for Golden Pass Products LLC and the foregoing Application, and it is my opinion that the export of domestically produced natural gas as liquefied natural gas as proposed in the foregoing Application is within Golden Pass Products LLC's corporate powers.

Respectfully submitted,



Blaine Yamagata  
Vice President and General Counsel  
Golden Pass Products LLC