

[6450-01-P]

DEPARTMENT OF ENERGY

[FE Docket No. 12-156-LNG]

Golden Pass Products LLC; Application for Long-Term Authorization to Export Liquefied Natural Gas Produced from Domestic Natural Gas Resources to Non-Free Trade Agreement Countries for a 25-Year Period

AGENCY: Office of Fossil Energy, DOE.

ACTION: Notice of application.

SUMMARY: The Office of Fossil Energy (FE) of the Department of Energy (DOE) gives notice of receipt of an application (Application) filed on October 26, 2012, by Golden Pass Products LLC (GPP), requesting long-term, multi-contract authorization to export domestically produced liquefied natural gas (LNG) in an amount up to the equivalent of 740 billion cubic feet (Bcf) of domestically produced natural gas per year, equal to approximately 15.6 million metric tons per annum (mtpa), for a period of 25 years beginning on the earlier of the date of first export or seven years from the date the authorization is granted by DOE/FE. The LNG would be exported from the existing Golden Pass LNG Terminal (Golden Pass Terminal), a facility located in Sabine Pass, Texas, to any country (1) that has or in the future develops the capacity to import LNG via ocean-going carrier; (2) with which the United States does not prohibit trade; and (3) that does not have a Free Trade Agreement (FTA) requiring the national treatment for trade in natural gas (NFTA country). GPP seeks to export this LNG on its own behalf and also as agent for other entities who themselves hold title to the LNG. The Application was filed under section 3 of the Natural Gas Act (NGA). Protests, motions to intervene, notices of intervention, and written comments are invited.

DATES: Protests, motions to intervene or notices of intervention, as applicable, requests for additional procedures, and written comments are to be filed using procedures detailed in the **Public Comment Procedures** section no later than 4:30 p.m., eastern time, **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES:

Electronic Filing by email:

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Regular Mail

U.S. Department of Energy (FE-34)
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Office of Fossil Energy
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Hand Delivery or Private Delivery Services (e.g., FedEx, UPS, etc.)

U.S. Department of Energy (FE-34)
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Office of Fossil Energy
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SUPPLEMENTARY INFORMATION:

Background

GPP is a Delaware limited liability company with its principal place of business in Houston, Texas. GPP is owned by QTL U.S. Terminal LLC (an affiliate of Qatar Petroleum International Limited), and Golden Pass LNG Terminal Investments LLC. GPP is affiliated with Golden Pass LNG Terminal LLC (GPLNG) and Golden Pass Pipeline LLC (GPPL). GPP was formed by affiliates of Qatar Petroleum and Exxon Mobil Corporation.

GPP states that the Application represents the second part of a two-part authorization request to export LNG from domestic sources. On August 17, 2012, in FE Docket No. 12-88-LNG, GPP filed with DOE/FE a separate application for long-term multi-contract authorization to engage in the export of LNG in an amount up to 740 million Bcf per year, to any country with which the U.S. has or in the future will have an FTA requiring the national treatment for trade in natural gas and LNG; that has developed, or in the future develops, the capacity to import LNG; and with which trade is not prohibited by U.S. law or policy. DOE/FE subsequently issued an order in FE Docket No 12-88-LNG granting long-term export authorization to FTA countries from the Golden Pass Terminal.¹

GPLNG owns and operates an LNG import terminal located near Sabine Pass, in Jefferson County, Texas. GPPL is an interstate pipeline connected to the import terminal and regulated by the Federal Energy Regulatory Commission (FERC). The GPLNG import terminal is a receiving facility for LNG imported from abroad. The import terminal has a nominal output of 2 Bcf per day (Bcf/d), with a peak capacity of 2.7 Bcf/d. In an order issued on July 6, 2005, the FERC authorized

¹ *Golden Pass Products LLC*, Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Golden Pass LNG Terminal to Free Trade Agreement Nations, DOE/FE Order No. 3147, September 27, 2012 (FE Docket No 12-88-LNG).

GPLNG under Section 3 of the NGA to site, construct and operate: (1) a berthing structure and unloading facilities for LNG ships; (2) vaporization equipment; (3) five LNG storage tanks with approximate working capacity of 155,000 cubic meters (m³) each; and (4) associated utilities, infrastructure and facilities required to send out natural gas from the import terminal. The July 6, 2005, FERC order also authorized GPPL to construct and operate a 70-mile interstate pipeline system to receive revaporized gas from the GPLNG import terminal to be transported to domestic markets. The import facilities were placed in service on March 14, 2011.

GPP intends to construct and operate the GPP export facility contiguous to and interconnected with the GPLNG import terminal, for the liquefaction and export of domestically produced natural gas. GPP states that it intends to construct and operate the export facilities to maximize use of the existing GPLNG import terminal facilities, with the intent of preserving full import capability of the GPLNG import facilities while also creating new export capability.

GPP states that domestic gas would be delivered to the GPP export facility through GPPL's existing pipeline. GPP states that the pipeline would be modified to flow gas (1) to the GPP export facility for export to other countries, or (2) from the GPLNG import terminal for delivery to interstate and intrastate markets. GPP also states that the existing facilities at the import terminal would be used as part of the liquefaction project. These facilities include insulated LNG and gas piping, ship berthing facilities, and the five LNG storage tanks and control systems. In addition, GPP states that it would construct new facilities to liquefy the natural gas delivered to the GPP export project through the pipeline owned by GPPL.

Current Application

In the instant Application, GPP seeks long-term, multi-contract authorization to export LNG in an amount up to the equivalent of 740 Bcf of domestically produced natural gas per year, for a

period of 25 years beginning on the earlier of the date of first export or seven years from the date the authorization is granted by DOE/FE. 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 authorization to export this LNG to any country with which the United States does not have an FTA requiring national treatment for trade in natural gas, that has, or in the future develops, the capacity to import LNG, and with which trade is not prohibited by U.S. law or policy.

GPP states that it anticipates entering into one or more long-term agreement to export LNG that do not exceed the term requested in the Application. GPP states that the contracts will provide for GPP to liquefy natural gas and load it onto LNG tankers for export. GPP states that the specific terms of GPP's future contracts for liquefaction and exportation of natural gas will include provisions governing dates of commencement and termination, pricing, volumes, and export destinations. GPP notes that market conditions and negotiations will determine the precise terms of these contracts. GPP further notes that such contracts will expressly require that the export destination be consistent with GPP's export authorization from DOE/FE, and that deliveries shall be reported to DOE/FE on a monthly basis.

GPP states that customers contracting with GPP for tolling services will be responsible for procuring their own gas supplies and holding title to the gas delivered to the GPP facility for liquefaction. GPP states that customers will be responsible for arranging the delivery of gas to the terminal. GPP also states that consistent with prior DOE/FE orders authorizing export tolling services, GPP will accept a condition requiring GPP to register with DOE/FE each title holder for whom GPP seeks to export LNG.²

² *Freeport LNG Development, L.P.*, FE Docket No. 11-51-LNG, DOE/FE Order No. 2986 (July 19, 2011); *Sabine Pass Liquefaction, LLC*, FE Docket No. 10-111-LNG, DOE/FE Order No. 2961 (May 20, 2011).

GPP states that it will file with DOE/FE any relevant long-term commercial agreements within thirty days of execution. GPP states that it will file either (1) a copy of each long-term contract with commercially sensitive information redacted, or (2) a summary of all major provision of the contract. GPP states that each of its contract filings will include a justification for non-disclosure of any redacted contract provisions or information.

GPP states that the GPP export facility will have access to substantial quantities of natural gas from diverse domestic supply sources. GPP notes that the GPP export facility will be located close to the Onshore Gulf Coast, the Offshore Gulf of Mexico and the Mid-Continent producing regions, which GPP states have long been significant U.S. natural gas supply areas. Specifically, GPP states that the export project is located close to well-developed pipeline and transportation infrastructure. GPP states that the export facility will be connected, through the GPPL pipeline, with the interstate pipeline systems of Florida Gas Transmission Company, LLC; Golden Triangle Storage, Inc.; Natural Gas Pipeline Company of America; Tennessee Gas Pipeline Company, LLC; Texas Eastern Transmission, LP; and Transcontinental Gas Pipeline Company, LLC. GPP notes that each of these pipelines in turn has interconnections with a larger network of pipeline traversing the Gulf Coast region.

Lastly, GPP states that it intends to apply separately to the FERC for authorization to site, contract and operate the proposed GPP export facility under Section 3 of the NGA and Part 153 of the FERC's regulations.

Public Interest Considerations

GPP states that the requested LNG export authorization is in the public interest. GPP states that approval of GPP's proposed exports will not impact the adequacy of domestic production to meet projected demand over the term of the requested authorization. GPP further states that it will

contemplate contracts that will be based on market-competitive terms. In addition, GPP states that it has considered the public benefits to its proposed exports, including the impact on U.S. job creation, U.S. gross domestic product, domestic energy security, U.S. trade, as well as the cumulative impacts of all LNG projects on the domestic need for gas. GPP concludes that the proposed export project is consistent with the public interest under all of these considerations.

In support of the Application, GPP submitted an independent study by The Perryman Group to help identify the socioeconomic impacts of GPP's proposed export project (TPG Study). In particular, the TPG Study sought to quantify the potential gains in business activity in Jefferson County, Texas, the location of the terminal. GPP states that the TPG Study concludes that the project could create approximately \$31 billion in U.S. economic gains at the local, state and national levels over the life of the project. Specifically, the approximately \$10 billion investment in infrastructure to build the facility would generate: (1) an estimated \$20 billion in national gross product during the five-year construction phase, and (2) an estimated \$11 billion in national gross product from operations, about \$460 million annually for the life of the facility. The TPG Study goes on to project that the GPP project would generate tens of thousands of jobs for American workers across the country including: (1) 324,000 person-years of direct and indirect work over the life of the project; (2) the equivalent of 45,000 jobs nationally during the five-year construction phase, including 9,000 construction jobs as well as jobs across a wide spectrum of supporting industries, including manufacturing, transportation, and utilities; and (3) around 3,800 permanent jobs nationwide during the operation phase, including more than 200 jobs at the facility. Lastly, GPP states that the TPG Study projects cumulative tax revenues for federal, state, and local governments totaling about \$4.6 billion across the construction and operating life of the project.

To further support the Application, GPP engaged Deloitte MarketPoint (DMP) to provide a comprehensive analysis to evaluate the price impact of GPP's proposal to export natural gas. GPP states that the DMP study shows that exports of 2 Bcf/d from the GPP project would have less than a 1 percent effect on long-term annual average prices, despite an outlook of robust U.S. gas demand growth. GPP notes that the DMP study also concluded that the potential cumulative price effects from U.S. LNG export projects would be modest based on the idea that: (1) U.S. producers currently have access to abundant domestic natural gas that can be developed cost-effectively to supply both domestic and incremental LNG export opportunities; (2) only a limited number of projects will likely reach completion; and (3) competition for international markets will serve to balance the collective growth of U.S. export developments, further moderating domestic market implications.

Additionally, in support of the Application, GPP cites numerous studies, statistics, and reports as prepared by the Energy Information Administration, MIT, the Brookings Institution, the American Chemistry Council, and the U.S. Census Bureau to demonstrate that the export of LNG and the approval of this Application are in the public interest.

Further details can be found in the Application, which has been posted at

<http://www.fe.doe.gov/programs/gasregulation/index.html>.

Environmental Impact

GPP states that the export project will be designed to minimize or mitigate environmental or other adverse impacts. GPP contends that the proposal does not constitute a major federal action significantly affecting the quality of human environment, within the meaning of the National Environmental Policy Act (NEPA) of 1969. GPP states that it plans to file an application with the FERC for the necessary authorization to construct and operate the GPP export facility, and that the

FERC will complete an environmental review prior to granting the requested authorization. GPP recognizes that it cannot engage in the export of LNG until after the FERC has granted its NGA section 3 authorization and the necessary facilities have been constructed and placed in service. GPP states that DOE has previously participated in the FERC's environmental review process as a cooperating agency in other LNG export projects. Accordingly, GPP requests that DOE/FE condition the export authorization requested in this Application on GPP's receipt of all necessary FERC authorizations to construct and operate the GPP export facility.

DOE/FE Evaluation

The Application will be reviewed pursuant to section 3 of the NGA, as amended, and the authority contained in DOE Delegation Order No. 00-002.00L (April 29, 2011) and DOE Redelelegation Order No. 00-002.04E (April 29, 2011). In reviewing this LNG export Application, DOE will consider any issues required by law or policy. To the extent determined to be relevant or appropriate, these issues will include the impact of LNG exports associated with this Application, and the cumulative impact of any other application(s) previously approved, on domestic need for the gas proposed for export, adequacy of domestic natural gas supply, U.S. energy security, and any other issues, including the impact on the U.S. economy (GDP), consumers, and industry, job creation, U.S. balance of trade, international considerations, and whether the arrangement is consistent with DOE's policy of promoting competition in the marketplace by allowing commercial parties to freely negotiate their own trade arrangements. Parties that may oppose this Application should comment in their responses on these issues, as well as any other issues deemed relevant to the Application.

NEPA requires DOE to give appropriate consideration to the environmental effects of its proposed decisions. No final decision will be issued in this proceeding until DOE has met its environmental responsibilities.

Due to the complexity of the issues raised by the Applicants, interested persons will be provided 60 days from the date of publication of this Notice in which to submit comments, protests, motions to intervene, notices of intervention, or motions for additional procedures.

Public Comment Procedures

In response to this notice, any person may file a protest, comments, or a motion to intervene or notice of intervention, as applicable. Any person wishing to become a party to the proceeding must file a motion to intervene or notice of intervention, as applicable. The filing of comments or a protest with respect to the Application will not serve to make the commenter or protestant a party to the proceeding, although protests and comments received from persons who are not parties will be considered in determining the appropriate action to be taken on the Application. All protests, comments, motions to intervene or notices of intervention must meet the requirements specified by the regulations in 10 CFR part 590.

Filings may be submitted using one of the following methods: (1) e-mailing the filing to fergas@hq.doe.gov with FE Docket No. 12-156-LNG in the title line; (2) mailing an original and three paper copies of the filing to the Office Natural Gas Regulatory Activities at the address listed in **ADDRESSES**. The filing must include a reference to FE Docket No. 12-156-LNG; or (3) hand delivering an original and three paper copies of the filing to the Office of Natural Gas Regulatory Activities at the address listed in **ADDRESSES**. The filing must include a reference to FE Docket No. 12-156-LNG.

A decisional record on the Application will be developed through responses to this notice by parties, including the parties' written comments and replies thereto. Additional procedures will be used as necessary to achieve a complete understanding of the facts and issues. A party seeking intervention may request that additional procedures be provided, such as additional written

comments, an oral presentation, a conference, or trial-type hearing. Any request to file additional written comments should explain why they are necessary. Any request for an oral presentation should identify the substantial question of fact, law, or policy at issue, show that it is material and relevant to a decision in the proceeding, and demonstrate why an oral presentation is needed. Any request for a conference should demonstrate why the conference would materially advance the proceeding. Any request for a trial-type hearing must show that there are factual issues genuinely in dispute that are relevant and material to a decision and that a trial-type hearing is necessary for a full and true disclosure of the facts.

If an additional procedure is scheduled, notice will be provided to all parties. If no party requests additional procedures, a final Opinion and Order may be issued based on the official record, including the Application and responses filed by parties pursuant to this Notice, in accordance with 10 CFR 590.316.

The Application filed by GPP is available for inspection and copying in the Office of Natural Gas Regulatory Activities docket room, Room 3E-042, 1000 Independence Avenue, S.W., Washington, DC 20585. The docket room is open between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays. The Application and any filed protests, motions to intervene or notice of interventions, and comments will also be available electronically by going to the following DOE/FE Web address: <http://www.fe.doe.gov/programs/gasregulation/index.html>.

Issued in Washington, D.C., on November 30, 2012.



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