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UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

13-105-NG

ARGENT MARINE MANAGEMENT, INC.

Docket No. 13-105LNG

APPLICATION OF ARGENT MARINE MANAGEMENT, INC.  
FOR LONG-TERM AUTHORIZATION TO  
EXPORT LIQUEFIED NATURAL GAS TO  
FREE TRADE AGREEMENT COUNTRIES

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

Pursuant to Section 3 of the Natural Gas Act (“NGA”)<sup>1</sup> and Part 590 of the regulations of the U.S. Department of Energy (“DOE”),<sup>2</sup> Argent Marine Management, Inc. (“Argent Marine”) hereby submits this application (“Application”) for long-term, multi-contract authorization to export up to 20,000 metric tons per annum (equivalent to approximately 1 billion cubic feet of natural gas per year)<sup>3</sup> of liquefied natural gas (“LNG”) from domestic sources to countries with which the United States has, or in the future will have, a Free Trade Agreement (“FTA”) requiring national treatment for trade in natural gas.<sup>4</sup>

Argent Marine seeks authorization to export LNG over a twenty-five (25) year period in LNG-rated International Organization for Standardization (“ISO”) approved (ISO IMO7/TVAC-ASME) cargo containers transported on ocean going LNG vessels, with such authorization commencing upon the earlier of the date of first export or three (3) years from

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<sup>1</sup> 15 U.S.C. § 717(b) (2006).

<sup>2</sup> 10 C.F.R. Part 590 (2012).

<sup>3</sup> This represents the maximum total of LNG that Argent Marine currently expects to export in any given year.

<sup>4</sup> As of the date of this filing, the United States has FTAs that require national treatment for trade in natural gas with Australia, Bahrain, Canada, Chile, Columbia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore. FTAs with Israel and Costa Rica do not require national treatment for trade in natural gas. Argent Marine respectfully requests that this authorization include any additional nation subsequently identified as having entered into a free trade agreement providing for national treatment for trade in natural gas that has the capability to import LNG.

the date the requested authorization is granted. Argent Marine is requesting this authority both on its own behalf and as agent for others who may hold title to the LNG at time of export.

As noted above, this Application requests authorization to export LNG solely to countries with which the U.S. has or in the future will have a FTA requiring national treatment for trade in natural gas. Accordingly, DOE reviews this application pursuant to Section 3(c) of the NGA, which requires that applications for authorization to export LNG to nations with which there is in effect a FTA requiring national treatment for trade in natural gas be “deemed to be consistent with the public interest” and “granted without modification or delay.”<sup>5</sup>

In support of this Application, Argent Marine respectfully states as follows:

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

The exact legal name of the applicant is Argent Marine Management, Inc. Argent Marine is a U.S. corporation organized under the laws of the State of Nevada. Argent Marine’s principal place of business is located at 889 Alder Avenue, Suite 300, Incline Village, Nevada, 89451. Argent Marine has more than twenty (20) years of experience in the LNG transportation industry, and has as its principal business goal developing the small scale distribution of LNG globally. The capital stock of Argent Marine, a private corporation, is beneficially and of record owned in its entirety by one or more of the corporate officers of the corporation or their family members, all United States citizens.

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<sup>5</sup> 15 U.S.C. § 717b(c).

## II. COMMUNICATIONS AND CORRESPONDENCE

Any communications regarding this Application should be addressed to:

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\*Designated for the official service list pursuant to 10 C.F.R. § 590.202.

## III. DESCRIPTION OF EXPORT PROPOSAL

Argent Marine proposes to export up to 20,000 metric tons per annum (equivalent to approximately 1 billion cubic feet of natural gas per year) of LNG from domestic sources to countries with which the U.S. has, or in the future will have, a FTA requiring national treatment for trade in natural gas. Argent Marine proposes to export LNG in LNG-rated International Organization for Standardization-approved (ISO IMO7/TVAC-ASME) cargo containers transported on small scale ocean going vessels of its own design,<sup>6</sup> which can carry smaller quantities of LNG more efficiently and provide certain flexibilities not offered by traditional large ocean going cargo vessels.

Argent Marine and its co-venturer, Maersk Line, Limited (“Maersk”), the U.S. affiliate of A.P. Moller Maersk,<sup>7</sup> will utilize companies capable of delivering LNG to U.S.

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<sup>6</sup> The ISO standardized shipping containers referenced herein are approved by the Department of Transportation.

<sup>7</sup> Additional information on the Argent Marine and Maersk Line, Limited joint development arrangements can be found at <http://www.maersklinelimited.com/Services/lng.php?st=sid15> (2013).

ports via truck, as Maersk does with respect to other types of freight it transports. On July 19, 2013, Argent Marine formalized an agreement to obtain LNG supplies from Pivotal LNG, Inc., a wholly-owned subsidiary of AGL Resources, a major U.S. energy company with operations in natural gas distribution, retail, and wholesale markets (“Pivotal”).<sup>8</sup> Under this agreement, Argent Marine proposes to export domestically-sourced LNG from Pivotal’s existing LNG production facility in Trussville, Alabama. Currently, the Pivotal facility in Trussville has the capability to load LNG onto trucks. As noted in the July 19, 2013, letter (attached as Exhibit B), Pivotal would only make sales from its Trussville facility with the appropriate authorizations to do so.

LNG from the Pivotal facility will be transported to a port in the Southeastern United States via truck, where the LNG will then be loaded onto an Argent Marine vessel capable of carrying ISO containers.<sup>9</sup> Argent Marine will deliver the LNG to those designated downstream customers in countries with which the United States has, or in the future will have, a FTA requiring national treatment for trade in natural gas.

Argent Marine proposes to export these volumes from one or more ports in the Southeastern United States. Through its venture with Maersk, Argent Marine will have the ability to load ISO containers in the ports of Jacksonville, Florida, Houston, Texas, and Norfolk, Virginia where Maersk’s affiliates have facilities. Argent Marine also requests

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<sup>8</sup> AGL Resources is an Atlanta-based energy services holding company with operations in natural gas distribution, retail, wholesale, and midstream operations. AGL Resources is the nation’s largest natural gas-only distributor based on customer count, with regulated distribution subsidiaries in seven states. The company owns and operates natural gas storage facilities, and has other non-utility businesses including Sequent Energy Management and ownership of Tropical Shipping, one of the largest containerized cargo carriers serving the Bahamas and Caribbean region. The volumes Argent Marine proposes to export under this authorization are not currently dedicated to serving any of AGL Resources’ distribution customers.

<sup>9</sup> As discussed further below, Argent Marine respectfully requests that the authorization issued in this docket not be limited to one particular U.S. port, but any existing or future U.S. port capable of loading ISO containers.

authorization to load at any other U.S. port that is now or will be in the future capable of loading ISO containers.

With regard to downstream users of the LNG that Argent Marine will transport, Argent Marine has had discussions with a major downstream distributor as well as with customers in FTA countries, particularly in the Caribbean, a region that is ideal for small to mid-scale LNG supply operations. Argent Marine's discussions have focused on serving growing demand for natural gas from the power plant sector and from the marine vessel and vehicle fuel markets, all of which are evaluating switching from burning other fossil fuels and petroleum products to cleaner burning natural gas.

Argent Marine proposes to sell domestically-sourced LNG for a term of up to twenty-five (25) years under one or more long term agreements that provide for deliveries to FTA countries.<sup>10</sup> Although Argent Marine will serve as the offtaker, exporter, and transporter of LNG sourced from Pivotal, which does not wish to hold an authorization to export LNG, Argent Marine has had discussions with other U.S. suppliers that may desire to export LNG under Argent Marine's authorization, and plans to supplement this Application to the extent additional volumes of LNG are committed for export. Argent Marine will file all long-term contracts with DOE under seal, and provide public versions of these contracts for posting, following their execution.<sup>11</sup>

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<sup>10</sup> To the extent Argent Marine desires in the future to enter into short term agreements (contracts with a term of two years or less) for delivery of LNG to FTA countries, Argent Marine will file a separate two-year blanket application seeking such authorization in accordance with DOE policy.

<sup>11</sup> DOE has previously found that this commitment conforms to the requirement of 10 C.F.R § 590.202(b), which calls upon applicants to supply transaction specific information "to the extent practicable." *See Carib Energy (USA) LLC*, Order No. 2993, 2 FE ¶ 72,125, p. 73,049 (July 27, 2011); *See also, Sabine Pass Liquefaction, LLC*, Order No. 2833, 2 FE ¶ 71,961, p. 72,848 (Sept. 7, 2010).

Receipt of this authorization by Argent Marine will allow the U.S. to supply its trading partners in the Caribbean and elsewhere with an additional clean source of fuel, and is a key step in facilitating the market connections between U.S. sellers with Caribbean and other FTA LNG customers. For this reason and as required by statute, DOE should grant this authorization without modification or delay.

#### **IV. AUTHORIZATION REQUESTED**

Argent Marine requests long-term, multi-contract authorization to export up to 20,000 metric tons per annum (equivalent to approximately 1 billion cubic feet of natural gas per year) of domestically-sourced LNG from any existing or future U.S. port that has or will develop the capability to load ISO containers onto cargo carriers. The Pivotal LNG facility that will produce the LNG for export can produce up to 60,000 LNG gallons per day (approximately 4.96 MMscf/d), with a total storage capacity of 4.8 million gallons. No modifications or additions to Pivotal's Trussville LNG facility are needed in order for Argent Marine to export LNG from the United States. The source of natural gas to be processed into LNG by Pivotal for delivery to Argent Marine would be the U.S. interstate natural gas pipeline grid via an existing interconnection with the Southern Natural Gas pipeline system. Supply projections by the Energy Information Administration ("EIA")<sup>12</sup> and NERA<sup>13</sup> conducted in 2012 concluded that through 2035, the United States would have ample supplies of natural gas resources to meet domestic needs for natural gas and the LNG export market. These robust projections reflect the increase in both conventional and

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<sup>12</sup> *Effect of Increased Natural Gas Exports on Domestic Energy Markets*, EIA, Jan. 2012, available at [http://energy.gov/sites/prod/files/2013/04/10/fe\\_eia\\_lng.pdf](http://energy.gov/sites/prod/files/2013/04/10/fe_eia_lng.pdf).

<sup>13</sup> *Macroeconomic Impacts of LNG Exports from the United States*, NERA Economic Consulting, Dec. 3, 2012, available at [http://energy.gov/sites/prod/files/2013/04/10/nera\\_lng\\_report.pdf](http://energy.gov/sites/prod/files/2013/04/10/nera_lng_report.pdf).

unconventional natural gas production and reserves,<sup>14</sup> and demonstrate that there is a secure supply of natural gas to support Argent Marine's exports. Given these supply projections, Argent Marine's proposed long-term exports should not adversely affect the availability of natural gas supplies to domestic consumers.

Containers used for transportation within the United States will comply with all applicable regulations, including U.S. Department of Transportation regulations. Third party transporters that will handle such transportation will comply with all hazardous materials and cryogenic handling regulations and requirements, including employee training, in addition to obtaining any federal, state, and local permits for transportation of LNG.

Argent Marine is requesting this authority both on its own behalf and as agent for others who may hold title to the LNG at the time of export. Argent Marine seeks authorization to export LNG over a twenty-five (25) year period commencing the earlier of the date of first export or three (3) years from the date the requested authorization is granted. The three year period is required to: negotiate necessary commercial agreements; finalize construction of the marine tonnage to be used to transport the ISO containers; and put in place the downstream infrastructure to receive the ISO containers. The authority requested by Argent Marine is for export of LNG 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 will have, a FTA requiring national treatment for trade in natural gas.

This Application is submitted pursuant to the standard established by Section 3(c) of the NGA, under which applications for export of LNG to FTA countries are deemed to be in

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<sup>14</sup> See The White House, Office of the Press Secretary, Remarks by the President in State of the Union Address (Jan. 24, 2012); U.S. Department of Energy, Energy Information Administration, *U.S. Crude Oil and Natural Gas Proved Reserves, 2011* (August 2013); and *Annual Energy Outlook 2013* (April 2013) available at [www.eia.gov](http://www.eia.gov).



the public interest, and must be granted without modification or delay.<sup>15</sup> Accordingly, Argent Marine's application is presumptively in the public interest. In addition, Argent Marine's export authorization would meet DOE's long term principles, as outlined in DOE's Policy Guidelines,<sup>16</sup> which promote free and open trade by minimizing federal control and involvement in energy markets.

Moreover, there are valid economic reasons for approving Argent's Application. Argent Marine, as holder of the export license, and transporter of the LNG, can provide valuable marketing services. Argent Marine will provide substantial benefits to those companies whose core business does not involve LNG transport or the large-scale liquefaction of LNG. Further, small scale LNG export via ISO container provides substantial flexibility and benefits to companies and customers that cannot economically justify LNG transport in the large volumes associated with traditional LNG carriers, and the vessels that Argent Marine would utilize to transport the LNG employ systems that allow efficient LNG loading, unloading, and management of boil-off, thereby reducing the loss of LNG in transit and minimizing loading and unloading time. These small-scale vessels also have a more shallow laden draft allowing for maximum port access and offloading flexibility. This efficient use reduces fuel costs and provides for simplified fleet operations, protecting the overall value of LNG supplies and reducing the delivered cost to downstream end-use customers.

Finally, Argent Marine's ISO container transport vessels are capable of loading at existing U.S. ports, without dredging or other construction associated with large-scale LNG

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<sup>15</sup> 15 U.S.C. § 717b(c).

<sup>16</sup> New Policy Guidelines and Delegation Orders From Secretary of Energy to Economic Regulatory Administration and Federal Energy Regulatory Commission Relating to the Regulation of Imported Natural Gas, 49 Fed. Reg. 6,684 (Feb. 22, 1984).

projects. The project is well-positioned to serve the needs of Caribbean end-users, and to access shallower Caribbean ports. This allows Argent Marine to serve generation needs in the region that desire to switch from other fossil fuels to natural gas, a clean burning fuel, and to serve the growing natural gas marine vessel and vehicular fuel markets in the Caribbean.

For the foregoing reasons, this Application should be approved without modification or delay, as required by statute.

## **V. ENVIRONMENTAL IMPACT**

The ISO container transport vessels that Argent Marine will use to export LNG to the Caribbean and other FTA nations are compatible with existing U.S. ports. Further, Argent Marine seeks to acquire supplies from an existing supplier that already liquefies natural gas at an existing facility in Alabama.<sup>17</sup> Because construction is not required for Argent Marine's export operations, approval of this Application therefore would not constitute a federal action significantly affecting the human environment within the meaning of the National Environmental Policy Act.<sup>18</sup>

## **VI. EXHIBITS**

The following exhibits are included with this Application:

- Exhibit A - Opinion of Counsel
- Exhibit B - July 19, 2013, Letter from Pivotal
- Exhibit C - Verification

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<sup>17</sup> To the extent that Pivotal desires to in the future construct or modify its existing liquefaction facilities, it will be incumbent on that company to obtain the necessary federal and/or state permits for their actions. Pivotal acknowledged in its July 19, 2013, letter to Argent Marine (attached as Exhibit B) that it would only make sales of LNG with the appropriate authorizations to do so.

<sup>18</sup> 42 U.S.C. § 4321, *et seq.*; 10 C.F.R. Part 1021, Subpart D, Appendix B, Categorical Exclusion B5.7.

## VII. CONCLUSION

For the previously stated reasons, Argent Marine respectfully requests that the DOE grant Argent Marine authorization to export domestically sourced LNG, both on its own behalf and as agent for others, for a period of twenty-five (25) years, up to a total of 20,000 metric tons per annum (equivalent to approximately 1 billion cubic feet of natural gas per year) to any country with which the United States has, or in the future will have, a FTA requiring national treatment for trade in natural gas.

Respectfully submitted,



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*Counsel for Argent Marine Management, Inc.*

Dated: August 29, 2013

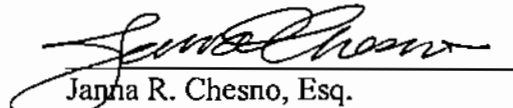
**Exhibit A**

## Opinion of Counsel

This opinion is submitted pursuant to 10 C.F.R. § 590.202(c) of the Department of Energy administrative procedures. The undersigned is counsel to Argent Marine Management, Inc.

I have reviewed the corporate documents, and it is my opinion that the proposed export of natural gas is within the company's corporate powers.

Respectfully submitted,

  
Janna R. Chesno, Esq.  
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(202) 298-1874  
[jrc@vnf.com](mailto:jrc@vnf.com)

## **Exhibit B**



July 19, 2013

Jay R. Gottlieb  
Vice Chairman  
Argent Marine Management, Inc  
889 Alder Avenue, Suite 300  
Incline Village, NV 89451

Dear Mr. Gottlieb:

Pivotal LNG, Inc. ("PLNG") (a wholly owned subsidiary of AGL Resources, Inc.), Argent Marine Management, Inc. ("AMM") and Maersk Line, Limited ("MLL") signed a Non Disclosure Agreement, effective October 18, 2011, and currently are working together to identify market opportunities and devote their respective resources to producing, marketing and distributing LNG in the small- to mid-scale LNG market segment. PLNG owns an LNG production facility currently operating in Trussville, Alabama ("Trussville").

PLNG understands that a joint venture formed by AMM and MLL known as "Argent-Maersk" intends to utilize existing container vessels and/or build, own and operate specialized small-scale marine transportation vessels to distribute LNG produced by PLNG and other similarly situated LNG producers.

In furtherance of this joint market development effort, PLNG has agreed, at the request of Argent-Maersk, to sell up to 20,000 metric tons annually (equivalent to approximately 1 Bcf) of LNG to Argent-Maersk or its designees, from its Trussville, Alabama plant, with volume, pricing, delivery terms and other conditions, in form and substance satisfactory to PLNG. Currently it is contemplated that any such sales will take place only in instances where Argent-Maersk plans to export the LNG under valid export license(s) issued by the Department of Energy and all other necessary export authorizations as required under applicable US laws or regulations. Further, PLNG only would make sales from Trussville with appropriate authorizations to do so.

Very truly yours,

PIVOTAL LNG, INC.  
David Schultz  
Vice-President - Fuels

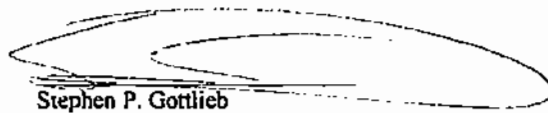
## **Exhibit C**



CERTIFIED STATEMENT

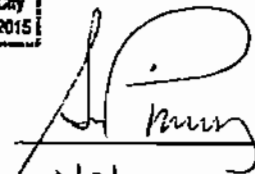
County of Washoe            )  
  ) SS:  
State of Nevada             )

I, Stephen P. Gottlieb, being duly sworn on his oath, do hereby affirm that I am Chief Executive Officer of Argent Marine Management, Inc.; that I am familiar with the contents of this application; and that the matters set forth therein are true and correct to the best of my knowledge, information, and belief.

  
Stephen P. Gottlieb

Sworn to and subscribed before me, a Notary Public, in and for the State of Nevada, this 21 day of July, 2013.



  
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Notary