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November 26, 2013

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



**Re: Waller LNG Services, LLC (d/b/a Waller Point LNG)
FE Docket No. 13-153-LNG
Application For Long-Term Authorization to Export Liquefied Natural
Gas to Non-Free Trade Agreement Countries**

Dear Mr. Anderson:

We hereby submit for filing, on behalf of Waller LNG Services, LLC (d/b/a Waller Point LNG) ("Waller Point LNG"), Waller Point LNG's application for long-term, multi-contract authorization to engage in exports of domestically produced liquefied natural gas ("LNG") to Non-Free Trade Agreement countries in amounts up to approximately 1.5 million metric tons per year, which is equivalent to approximately 70 billion standard cubic feet (Bcf) per year or 0.19 Bcf per day.

Waller Point LNG seeks authorization for a 25-year term, commencing on the earlier of the date of first export or five years from the date the requested authorization is granted, to export LNG from its proposed Waller Point LNG Terminal presently under development at the entrance point of the Calcasieu Ship Channel in Cameron Parish in Southwest Louisiana to any nation that currently has or develops the capacity to import LNG, with which the United States does not have a Free Trade Agreement requiring national treatment for trade in natural gas or LNG with which trade is not prohibited by United States law or policy.

A check in the amount of \$50.00 is hereby provided as the application filing fee, in accordance with 10 C.F.R. §590.207 (2012).

Should you have any questions about the foregoing, please feel free to contact me at (504) 264-9236 or email to tnorton@wallermarine.com.

Respectfully submitted,

A blue ink signature of Taylor M. Norton, written in a cursive style, positioned above a horizontal line.

Taylor M. Norton
Chief General Counsel
Waller LNG Services, LLC, d/b/a
Waller Point LNG

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

**WALLER LNG SERVICES, LLC
(d/b/a WALLER POINT LNG)**

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Docket No. 13-153-LNG

**APPLICATION OF WALLER LNG SERVICES, LLC
(d/b/a WALLER POINT LNG)
FOR LONG-TERM AUTHORIZATION
TO EXPORT LIQUEFIED NATURAL GAS
TO NON-FREE TRADE AGREEMENT COUNTRIES**

**Communications with respect to this
Application should be addressed to:**

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UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

WALLER LNG SERVICES, LLC)
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Docket No. 13-153-LNG

APPLICATION OF WALLER LNG SERVICES, LLC
(d/b/a WALLER POINT LNG)
FOR LONG-TERM AUTHORIZATION
TO EXPORT LIQUEFIED NATURAL GAS
TO NON-FREE TRADE AGREEMENT COUNTRIES

Pursuant to Section 3 of the Natural Gas Act (“NGA”)¹ and Part 590 of the Department of Energy’s (“DOE”) regulations,² Waller LNG Services, LLC (d/b/a Waller Point LNG)(“Waller Point LNG”) hereby requests that DOE, Office of Fossil Energy (“FE”), grant long-term, multi-contract authorization for Waller Point LNG to engage in exports of domestically produced liquefied natural gas (“LNG”) to Non-FTA countries in an amount up to 1.5 million metric tons per year, which is equivalent to approximately 70 billion standard cubic feet (“Bcf”) of natural gas per year³ or 0.19 Bcf per day, for a 25-year term, commencing the earlier of the date of first export or five years from the date of issuance of the authorization requested herein.

Waller Point LNG is seeking authorization to export domestically produced LNG from its proposed liquefaction facilities and terminal, Waller Point LNG Terminal (“Waller Point LNG Terminal”), presently under development by Waller Marine, Inc., for intended construction, ownership and operation at its approximate 180 acre site which it has secured at the entrance point of the Calcasieu Ship Channel in Cameron Parish in Southwest Louisiana, to any nation

¹ 15 U.S.C. § 717b.

² 10 C.F.R. Part 590 (2012).

³ 70 Bcf/year is equivalent to approximately 71.96 million MMBtu per year, according to a DOE/FE conversion factor of 1,028 Btu per cubic foot found at <http://www.netl.doe.gov/energy-analyses/energy-calc.html> (last checked November 25, 2013).

that currently has or develops the capacity to import LNG with which the United States does not have a FTA (“Non-FTA”) requiring national treatment for trade in natural gas or LNG with which trade is not prohibited by United States law or policy.

This is the second application Waller Point LNG has submitted to the DOE FE relating to the proposed export of LNG from the Waller Point LNG Terminal. The first application, filed on October 12, 2012 in Docket No. 12-152-LNG, relates to the export of LNG to countries and with which the United States currently has, or in the future enters into, a Free Trade Agreement (“FTA”) requiring the national treatment for trade in natural gas and LNG.⁴ The authorization sought in that application, which was reviewed under Section 3(c) of the NGA, was granted by the DOE FE on December 20, 2012.⁵ This subsequent application relates to exports of additional amount of domestically produced natural gas to Non-FTA countries, and is reviewed under Section 3(a) of the NGA, which “creates a rebuttable presumption that a proposed export of natural gas is in the public interest.”⁶ Under this standard, the DOE FE “must grant [an export] application unless those who oppose the application overcome that presumption.”⁷ In support of its application, Waller Point LNG states as follows:

I. COMPANY INFORMATION

The exact legal name of applicant is Waller LNG Services, LLC which is doing business as Waller Point LNG. Waller Point LNG is a limited liability company formed under the laws of Texas and authorized to transact business in Louisiana with its principal business address and

⁴ Currently, the countries that have such FTAs with the United States include: Australia, Bahrain, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Chile, Morocco, Canada, Mexico, Oman, Peru, Singapore, Republic of Korea and Jordan.

⁵ *Waller LNG Services, LLC d/b/a Waller Point LNG*, FE Docket No. 12-152-LNG, DOE/FE Order No. 3211 (December 20, 2012).

⁶ *Sabine Pass Liquefaction, LLC*, FE Docket No. 10-111-LNG, DOE/FE Order No. 2961 (May 20, 2011)(“Sabine Pass Order No. 2961”); *see also* 15 U.S.C. §717(b) (2011).

⁷ *Id.*

registered office in Louisiana at 365 Canal Street, Suite 2250, New Orleans, Louisiana 70130, and its principal and registered address in Texas at 14410 West Sylvanfield, Houston, Texas 77014. Its telephone number is (504) 264-9236 and fax number is (504) 264-9026. Waller Point LNG is a wholly owned subsidiary of Waller Energy Holdings, LLC, a Texas limited liability company. Waller Energy Holdings, LLC is a wholly owned subsidiary of Waller Liquefaction, L.P., a Texas limited partnership, of which the General Partner is Waller LNG GP, LLC, a Texas limited liability company wholly owned by Waller Marine, Inc., (“Waller Marine”) a Texas corporation. Waller Marine is a developer of LNG terminals and LNG storage and transportation vessels, and is the developer of the Waller Point LNG Terminal. Waller Point LNG is authorized to do business in the States of Texas and Louisiana.

II. AUTHORIZATION REQUEST

Waller Point LNG requests long-term, multi-contract authorization to export an amount up to 1.5 million metric tons of LNG per year by vessel from the Waller Point LNG Terminal to any Non-FTA nation with which trade is not prohibited by United States law or policy for a 25-year term. Waller Point LNG requests that such authorization commence on the earlier of the date of first export or five years from the date the requested authorization is granted.

Waller Point LNG has not yet finalized and executed any long-term gas supply or long-term export contracts in conjunction with the LNG export authorization requested herein. Waller Point LNG currently is engaged in commercial discussions with certain foreign off-takers to obtain all the available liquefaction capacity at the Waller Point LNG Terminal. Either Waller Point LNG, the developer of its Waller Point LNG Terminal, or individual customers who hold

title to natural gas (via a “liquefaction tolling arrangement”)⁸ will bear the responsibility for sourcing gas supplies for delivery to the Waller Point LNG Terminal. Waller Point LNG, through its developer, Waller Marine, will commence negotiations with certain natural gas suppliers for transportation capacity and the required lateral pipeline to be constructed once commercial discussions between those natural gas suppliers and Waller Point LNG progress. Waller Point LNG will file any executed long-term gas supply or long-term export contracts under seal with DOE/FE as required.

In recent orders granting long-term authorization to export LNG to Non-FTA countries, the DOE has found that the applicants were not required to submit, with their initial applications, transaction-specific information, as specified in Section 590.202(b) of the DOE’s regulations.⁹ The DOE found that, given the stage of development for these projects, it was appropriate for the applicants to submit such information “when practicable” (i.e., when the contracts reflecting such information are executed). Waller Point LNG requests that the DOE make the same finding in this Application.

Waller Point LNG proposes to source natural gas to be used as feedstock for LNG production at the Waller Point LNG Terminal from the interstate and intrastate grid at points of interconnection with other pipelines and points of liquidity both upstream and downstream of the pipeline. In this regard, it is anticipated that the Waller Point LNG Terminal will be connected to multiple interstate and Louisiana intrastate pipelines that will enable Waller Point LNG to purchase natural gas from multiple conventional and unconventional basins across the region,

⁸ See e.g. Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC’s use of the liquefaction tolling arrangement as described in *Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC*, FE Docket No. 10-161-LNG, DOE/FE Order No. 3282 (“Freeport Non-FTA Order”).

⁹ See, e.g., *Cameron LNG, LLC*, DOE/FE Order No. 3059 (January 17, 2012) and *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 2833 (2010). The transaction specific information described in the regulations includes long-term supply agreements and long-term export agreements. See also Freeport Non-FTA Order, allowing Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC to initially file their non-FTA application without transaction-specific information and later supplement their application with such information as it became available.

state, and from virtually anywhere in the nation. This supply can be sourced in requisite volumes in the spot market, or pursued under long-term arrangements. In addition to traditional production, emerging supply areas, such as the Barnett, Haynesville, and Bossier shale gas formations, represent attractive additional sources of supply.

Waller Point LNG requests authorization to export LNG both on its own behalf (by holding title to the LNG at the time of export) and as agent for other parties who themselves hold title to the LNG at the time of export. To ensure that all exports are permitted and lawful under U.S. laws and policies, Waller Point LNG will comply with all DOE/FE requirements for exporters and agents, including the procedures and registration requirements as first established in *Freeport LNG Development, L.P.*, DOE/FE Order No. 2913, and reiterated in *Southern LNG Company, L.L.C.*, DOE/FE Order No. 3106, and more recently set forth in *Excelsior Liquefaction Solutions I, LLC*, DOE/FE Order No. 3128 (2012).¹⁰ Granting Waller Point LNG's request for long-term, multi-contract export authorization is consistent with DOE/FE's grant of similar applications.¹¹

Therefore, when acting as agent, Waller Point LNG will register with the DOE each LNG title holder for whom Waller Point LNG seeks to export as agent, and will provide the DOE with a written statement by the title holder acknowledging and agreeing to (i) comply with all requirements in Waller Point LNG's long-term export authorization, and (ii) include those requirements in any subsequent purchase or sale agreement entered into by the title holder.

¹⁰ *Freeport LNG Development, L.P., Order Granting Long-Term Authorization to Export Liquefied Natural Gas from Freeport LNG Terminal to Free Trade Nations*, FE Docket No. 10-160-LNG, OE/FE Order No. 2913 (Feb. 10, 2011); *Errata Notice Correcting Footnote 9 in Order 2913 issued 2/10/2009* (Feb. 17, 2011); *Excelsior Liquefaction Solutions I, LLC*, FE Docket No. 12-61-LNG, DOE/FE Order No. 3128 (2012).

¹¹ See, e.g., *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 2833 (Sept. 7, 2010); *Carib Energy (USA) LLC*, DOE/FE Order No. 2993 (July 27, 2011).

Waller Point LNG 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.

III. STANDARD OF REVIEW- CONSISTENT WITH THE PUBLIC INTEREST

As noted above, Section 3(a) of the NGA creates a rebuttable presumption that an application for export of LNG is in the public interest, and the DOE FE will grant such application unless the presumption of public interest is overcome by an applicant's opponents.¹² When evaluating applications for natural gas exports, the DOE FE seeks to "minimize federal control and involvement in energy markets and...promote a balanced and mixed energy resource system."¹³ The focus of the DOE FE's public interest evaluation is on the domestic need for the LNG proposed to be exported.¹⁴ In addition, the DOE FE considers any threat to the security of domestic natural gas supplies potentially created by the proposed export, as well as "any other issue determined to be appropriate, including 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,"¹⁵ and environmental effects of the proposed export.¹⁶

Waller Point LNG is seeking to export relatively small volumes of LNG, particularly when compared to applications recently approved and pending before the DOE FE. The total volume of natural gas Waller Point LNG expects to export in any year to Non-FTA countries is over 10 times less than the export authority sought by, and conditionally granted to, Sabine Pass Liquefaction, LLC ("Sabine Pass") in orders issued by the DOE FE in September 2010 and May 2011;¹⁷ and over seven times less than that conditionally granted to Freeport LNG Expansion,

¹² 15 U.S.C. §717b(a); Sabine Pass Order No. 2961 at 28.

¹³ *Id.*

¹⁴ Sabine Pass Order No. 2961 at 29; Delegation Order No. 0204-111.

¹⁵ Sabine Pass Order No. 2961 at 29.

¹⁶ *Id.*, citing National Environmental Policy Act, 42 U.S.C. §4321 *et seq.* ("NEPA").

¹⁷ Sabine Pass Order No. 2961 at 42 (authorizing Sabine Pass to export domestically produced LNG up to the equivalent of 803 Bcf year of natural gas).

L.P. and FLNG Liquefaction, LLC (“Freeport”) in May 17, 2013.¹⁸ Export of such smaller volumes of LNG has become economically and technically feasible in recent years due to the combined factors of continually increasing domestic supply of natural gas and the development of Waller Marine’s patent-pending articulated tug and barge LNG regasification vessel arrangement providing safe and effective transportation and storage capabilities for the transport of smaller volumes of LNG needed by countries lacking the infrastructure to handle large LNG carriers and the demand for large quantities of natural gas.

For example, countries in Central America, South America and the Caribbean do not have customer demands that command the traditional large volume (i.e. 250,000m³) LNG vessels nor do such customers have the storage and transmission infrastructure capable of handling such volumes of LNG. Because export of these smaller volumes of natural gas will not have a significant impact on domestic supply, and will fulfill a need that is not otherwise being met in the marketplace – both domestically and abroad, the granting of this application is consistent with the public interest.

In evaluating the "public interest" the DOE FE, consistent with its Policy Guidelines and Delegation Orders Relating to the Regulation of Imported Natural Gas, examines whether "domestic supply shortages or domestic security needs overcome the statutory presumption that a proposed export is not inconsistent with the public interest."¹⁹ While the Policy Guidelines deal specifically with imports, the DOE FE has found that the principles are applicable to exports.²⁰ The Policy Guidelines are intended to promote free and open trade by minimizing federal government interference:

¹⁸ See Freeport Non-FTA Order, granting authority to export domestically produced LNG up to the equivalent of 1.4 Bcf/d of natural gas to Non-FTA countries.

¹⁹ *Sabine Pass Liquefaction, LLC*, FE Docket 10-111-LNG, Opinion and Order Denying Request for Review Under Section 3(c) of the NGA (Oct. 21, 2010) (“Sabine Section 3(c) Order”) at 5; Policy Guidelines and Delegation Orders Relating to the Regulation of Imported Natural Gas, 49 Fed. Reg. 6,684 (Feb. 22, 1984) (“Policy Guidelines”).

²⁰ *Phillips Alaska Natural Gas Corp. and Marathon Oil Co.*, DOE/FE Order No. 1473 at 14.

The market, not government, should determine the price and other contract terms of imported [or exported] gas...The federal government's primary responsibility in authorizing imports [or exports] should be to evaluate the need for the gas and whether the import [or export] arrangement will provide the gas on a competitively priced basis for the duration of the contract while minimizing regulatory impediments to a freely operating market.²¹

DOE FE recently affirmed that "the principal focus of this agency's review of export applications in decisions under current delegated authority has continued to be the domestic need for the natural gas proposed to be exported, and any other factors to the extent they are shown to be relevant to a public interest determination."²² As demonstrated herein, Waller Point LNG's application is not inconsistent with the public interest.

A. Domestic Need for Natural Gas to be Exported

DOE FE's public interest analysis focuses on the projected domestic need for the gas to be exported. Evaluation of domestic natural gas supply against natural gas demand can provide an understanding of domestic need and DOE FE has historically compared the total volume of natural gas reserves and recoverable resources available to be produced during the proposed export period to total gas demand during the export period to determine whether there is a domestic need for the gas to be exported.²³

It is Waller Point LNG's view that recoverable reserves of natural gas in the U.S. are plentiful, economical and ample to meet demand for domestic consumption and long-term export from Waller Point LNG's terminal. It is also Waller Point LNG's belief that exports will not cause a significant increase in domestic natural gas prices, but will create more domestic employment opportunities as well as advance the development of LNG infrastructure needed for the United States to fully realize the use of LNG as a domestic transportation fuel in striving to

²¹ Policy Guidelines at 6685.

²² Sabine Section 3(c) Order at 6.

²³ *CE FLNG, LLC*, FE Docket No. 12-123-LNG at 9, citing *Phillips Alaska Natural Gas Corp. and Marathon Oil Co.*, DOE/FE Order No. 1473 at pp. 29, 40, 46.

achieve energy independence. As a result, Waller Point LNG's requested export authorizations will have a positive effect on the US economy and move the country closer to energy independence without detrimentally impacting US natural gas supply. Therefore, the proposed export authorizations are not inconsistent with the public interest.

1. Domestic natural gas supply

Technological advancements in natural gas exploration and production have allowed for the continued development of previously undiscovered domestic shale gas reserves. Consequently, there is a consistent trend of upward re-adjustment of US recoverable natural gas reserves after general assessments. Although lower than EIA's estimate in 2011, the EIA currently estimates 2,203 tcf of technically recoverable gas in the US.²⁴ This US supply figure far exceeds the volume of anticipated exports.

As indicated in Deloitte Market Point's analysis in a report, the assumed volume of exports is insignificant compared to total US resource potential.²⁵ This conclusion is based on supply data from public available documents and discussions with credible sources including the United States Geological Survey, National Petroleum Council, Potential Gas Committee, and the Department of Energy's EIA. The report found that there are sufficient volumes of domestic natural gas for both domestic consumption and LNG exports.²⁶ While report's analysis is based on export amounts of 6 bcf (.006 tcf) per day and relies on the EIA's 2011 Annual Energy Outlook, Waller Point LNG believes that the amounts being considered for export would not have a significant impact on supply. Furthermore, in light of the significantly smaller volumes for which Waller Point LNG seeks authorization, Waller Point LNG's proposed export of natural

²⁴ FREQUENTLY ASKED QUESTIONS: How much natural gas does the United States have and how long will it last?, available at <http://www.eia.gov/tools/faqs/faq.cfm?id=58&t=8>.

²⁵ Deloitte Center for Energy Solutions and Deloitte MarketPoint LLC, *Made in America – The Economic Impact of LNG Exports from the United States*, available at http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/Energy_us_er/us_er_MadeinAmerica_LNGPaper_122011.pdf.

²⁶ *Id.*

gas will not materially impact the availability of natural gas supply from a regional and a national perspective as further supported and confirmed by the findings presented in Freeport Non-FTA Order and application.²⁷

2. Domestic natural gas demand

Domestic natural gas demand is the second component in the DOE/FE's analysis. The export of domestic LNG, as proposed by Waller Point LNG, should be considered to be in the public interest as U.S. natural gas available for supply, as estimated by the Potential Gas Committee ("PGC") far exceeds US demand and LNG exports combined, EIA estimates that domestic natural gas demand will grow from 24.1 tcf per year in 2010 to 26.6 tcf per year in 2035.²⁸ The EIA demand projection does not include an estimate of LNG exports. The authorizations requested by Waller Point LNG hereunder would increase demand by a maximum of 1.07 bcf per day (.00107 tcf per day) from 2017 through 2047.

The domestic gas resource base is estimated to be adequate to supply projected demand levels for at least 50 years at moderate prices.²⁹ The volume of LNG exports represents a relatively small increment to the total demand.³⁰

As demonstrated by the foregoing analysis, and given the significantly smaller volumes sought to by Waller Point LNG in light of the findings presented in the Freeport Non-FTA Order and acknowledged by the DOE FE,³¹ the natural gas to be exported pursuant to this application will not be needed to meet demand in the U.S., and therefore permitting its export is not inconsistent with the public interest.

²⁷ Freeport Non-FTA Order at 15-17.

²⁸ U.S. Energy Information Administration, Annual Energy Outlook 2012, Table 13 Natural Gas Supply, Disposition, and Prices (June 2012) available at http://www.eia.doe.gov/forecasts/aeo/taables_ref.cfm.

²⁹ *Id.*

³⁰ *Id.*

³¹ Freeport Non-FTA Order at 17-18.

B. Impact on U.S. Natural Gas Market Prices

Once it is determined that an export will not jeopardize supply to domestic needs during the term of the export, the public interest test of Section 3 of the NGA is met, regardless of the impact of the proposed export on domestic prices. As the Policy Guidelines make clear, it is not the policy of the federal government to manipulate domestic energy prices by approving or disapproving import and export applications.³² U.S. policy is that markets, and not the government, should allocate resources, determine supply and demand, and set prices.

Nonetheless, Waller Point LNG believes that the proposed export, as well as the likely level of total LNG exports during the term of the proposed authorizations, will not have a significant impact on domestic natural gas prices. Deloitte MarketPoint has applied its integrated North American Power, Coal, and World Gas Model to analyze the price and quantity impacts of LNG exports on the US gas market.³³

Its World Gas Model (“WGM”) projects a weighted-average price impact of \$0.12/MMBtu on US prices from 2016 to 2025 as a result of a 6 bcf/d (.006 tcf/d) increase in exports, representing a 1.7% increase in the projected average US citygate gas price of \$7.09/MMBtu over the time period from 2016 to 2035.³⁴ The WGM results indicate that US prices will not significantly increase due to LNG export. While Waller Point LNG’s requested authorizations would increase the amounts exported, it can be fairly extrapolated from the results of this report, which was based on 6 bcf (.006 tcf) and did not include Waller Point LNG’s

³² Policy Guidelines at 6685.

³³ Deloitte Center for Energy Solutions and Deloitte MarketPoint LLC, *Made in America – The Economic Impact of LNG Exports from the United States*, available at http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/Energy_us_er/us_er_MadeinAmerica_LNGPaper_122011.pdf.

³⁴ *Id.*

proposed volume, that Waller Point LNG's exports would likewise have a small impact on prices.

Due to the massive shale gas resources, the shape of the aggregate supply curve has been changed; the supply curve has flattened.³⁵ Incremental demand pushes out the demand curve, causing it to intersect at a higher point on the supply curve.³⁶ As a result, higher demand due to LNG exports will have a fairly small impact.³⁷

Granting the requested authorizations would not increase price volatility. Given the public application process and long lead time required to construct LNG liquefaction facilities, any exports can be anticipated. This fact allows producers, midstream players, and consumers to act to mitigate price impacts. Producers can develop more reserves in anticipation of demand growth, such as LNG exports.³⁸ LNG exports will be anticipated by producers and supplies will be made available when they are needed.³⁹ Waller Point LNG will primarily engage in long-term supply contracts as well as long-term tolling agreements with buyers. And as noted, the report indicates that long-term contracts tend to reduce price volatility.⁴⁰

The long planning horizon for LNG exports leaves ample time to develop shale gas takeaway and needed long-haul capacity. Moreover, the Gulf Coast pipeline system was designed for significant flows. Regional pipeline flows are therefore unlikely to be affected by the use of Gulf Coast LNG terminals for exports in the long-run, minimizing any long-term basis impact.

Furthermore, in light of the significantly smaller volumes for which Waller Point LNG seeks authorization, Waller Point LNG's position is further bolstered by the findings presented in

³⁵ *Id.*

³⁶ *Id.*

³⁷ *Id.*

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ *Id.*

DOE FE's Order No. 3282 granting Freeport LNG Expansion, L.P., and FLNG Liquefaction, LLC Non-FTA export authority for "proposed exports [that] will have minimal impact on U.S. natural gas prices."⁴¹ Waller Point LNG's exportation of LNG will not have a material impact on domestic natural gas prices. Accordingly, the proposed export is not inconsistent with the public interest.

C. Economic Benefits

Waller Point LNG's requested authorization is in the public interest because it will benefit local, regional and national economies and is not a significant addition to the overall amount of LNG to be exported annually. As DOE FE has noted in its review and acceptance of the LNG Export Study⁴² in the Freeport Non-FTA Order that, "the United States will experience net economic benefits from issuance of authorizations to export domestically produced LNG," and that "the proposed authorization would not be inconsistent with the public interest."⁴³ Waller Point LNG's proposed export of LNG in substantially smaller quantities would allow otherwise un-utilized natural gas be sold into the regional, if not global, LNG market, driving the development of new resources that might otherwise go untapped and not make their way to market without a noticeable impact on domestic natural gas supply.

The new jobs and economic opportunities for American workers created from the upstream and downstream development surrounding the newly discovered resources is directly in line with the National Export Initiative signed by President Obama in 2010.⁴⁴ As the President noted, "[a] critical component of stimulating economic growth in the United States is ensuring that U.S. businesses can actively participate in international markets by increasing their exports

⁴¹ See Freeport Non-FTA Order at 13-15.

⁴² See 2012 LNG Export Study, 77 Fed. Reg. 73,627 (Dec. 11, 2012), ("LNG Export Study") available at http://energy.gov/sites/prod/files/2013/04/f0/fr_notice_two_part_study.pdf (Federal Register Notice of Availability of the LNG Export Study).

⁴³ Freeport Non-FTA Order at 110.

⁴⁴ 29 Exec. Order No. 13534, 75 Fed. Reg. 12433 (March 11, 2010).

of goods Improved export performance will, in turn, create good high-paying jobs."⁴⁵ The goal of the National Export Initiative is to double exports over the next five years by helping businesses enter new export markets, assisting with financing and pursuing a government-wide approach to export advocacy overseas.⁴⁶ In his 2011 State of the Union Address, the President stated:

To help businesses sell more products abroad, we set a goal of doubling our exports by 2014 – because the more we export, the more jobs we create here at home. Already, our exports are up. ... Now, before I took office, I made it clear that we would enforce our trade agreements, and that I would only sign deals that keep faith with American workers and promote American jobs. That's what we did with Korea, and that's what I intend to do as we pursue agreements with Panama and Colombia and continue our Asia Pacific and global trade talks.⁴⁷

Exportation of natural gas not needed for domestic consumption coincides with the President's stated export policies, while moving the needle and introducing a greatly needed bump to national and local economies by enhancing the tax respective bases, increasing new job creation and causing a residual uptick in economic activity. Making domestic shale gas available to international markets will have a ripple effect throughout the US economy not only by increasing taxable revenues but through new job creation.

Waller Point LNG anticipates the creation of 250-350 construction jobs during the design, construction and implementation phase of the Waller Point LNG Terminal. Long-term, full time jobs in the range of 100-200 are anticipated to be established for the Waller Point LNG Terminal and facilities for plant operation, engineering and production, plus approximately 12 jobs for each ATB LNG RV required as well as an anticipated 5-6 support and logistics staff positions, in addition to various other jobs incidental to the Terminal.

⁴⁵ *Id.*

⁴⁶ *Id.*

⁴⁷ 32 President Barack Obama, State of the Union Address (Jan. 25, 2011), transcript available at <http://www.whitehouse.gov/the-press-office/2011/01/25/remarks-president-state-union-address>.

In addition to new job creation, the US trade balance would benefit from granting Waller Point LNG's requested authorization. The U.S. trade deficit increased to \$497.8 billion in 2010, up from \$122.9 billion posted in 2009.⁴⁸ Over half of the \$497.8 billion deficit was due to the negative balance of trade attributable to petroleum products.⁴⁹ LNG exports by Waller Point LNG of 0.19 Bcf/day will help reduced the trade imbalance, though not as significantly as the exports of Freeport (1.4 Bcf/day) or Sabine Pass (2.2 Bcf/day). By virtue of approving export applications, the DOE FE has acknowledged the positive effects that LNG exports can have on the balance of trade with destination nations as well as U.S. economy and the overall strengthening of U.S. international trade relations.⁵⁰ Moreover, the export of LNG will foster stronger existing economic relationships between the U.S. and key industrialized European and Asian nations as well as promote and cultivate evolving trade relations with the developing nations of Asia, Africa, South America and the Caribbean, all of which is consistent with the overarching intent of the National Export Initiative and the DOE's policy of "promoting competition in the marketplace by allowing commercial parties to freely negotiate their own trade arrangements".⁵¹

Furthermore, restriction of LNG exports to World Trade Organization ("WTO") nations would be generally inconsistent with U.S. obligations under respective WTO Agreements. The U.S. has undertaken commitments not to restrict such exports to other WTO nations. Whether directly or indirectly, through quantitative or other administrative measures, the U.S. has

⁴⁸ Bureau of Economic Analysis, U.S. Department of Commerce, U.S. International Trade in Goods and Services, (Feb. 11, 2011), available at <http://www.bea.gov/newsreleases/international/trade/2011/pdf/trad1210.pdf>.

⁴⁹ Policy Guidelines at 6685. In 2010, the U.S. exported only \$70 billion in petroleum products while importing over \$335 billion.

⁵⁰ See, e.g., *ConocoPhillips Company*, FE Docket No. 09-92-LNG, Order No. 2731 at 10 (Nov. 30, 2009); *Cheniere Marketing, Inc.*, FE Docket No. 08-77-LNG, Order No. 2651 at 14 (June 8, 2009) ("[M]itigation of balance of payments issues may result from a grant of the [export] application."). See generally *Freeport Non-FTA Order* at 111 ("[A]uthorizing U.S. exports may advance the public interest for reasons that are distinct from and additional to the economic benefits identified in the LNG Export Study").

⁵¹ *Cheniere Marketing, Inc.*, FE Docket No. 08-77-LNG, Order No. 2651 at 11 (June 8, 2009).

committed to refraining from restriction of such exports to its WTO nation counterparts and the U.S. would be further violating its most-favored-nation obligations under current WTO Agreements if the U.S. were to grant applications for export of LNG to Free Trade Agreement nations while refusing to allow applications for exports to other WTO nations lacking FTAs with the U.S.

D. Environmental Benefits

Because natural gas is a cleaner burning fuel than other fossil fuels traditionally used in commerce, increases in LNG exports can significantly benefit environmental. According to the U.S. Environmental Protection Agency ("EPA"), natural gas-fired power generation facilities produce half as much carbon dioxide, less than a third as much nitrogen oxides, and one percent as much sulfur oxides as compared to the average air emissions from coal-fired power generation facilities.⁵² Moreover, the environmental effects resulting from the natural gas exported by Waller Point LNG will be substantially less given the smaller volumes sought. Consequently, increases in exportation of liquefied U.S. natural gas will give nations the low cost energy alternative they need to break their systematic reliance on less environmentally friendly fuels.

IV. DESCRIPTION OF EXPORT PROPOSAL AND PROPOSED WALLER POINT LNG TERMINAL

In this Application, Waller Point LNG seeks long-term authorization to export domestically produced LNG from its proposed Waller Point LNG Terminal to be constructed under authorization of Section 3 of the NGA.

Waller Point LNG is taking the steps necessary to build natural gas processing and liquefaction facilities to receive and liquefy domestic natural gas at its proposed Waller Point LNG Terminal. For the development of its facilities, Waller Point LNG has secured via long

⁵² See <http://www.epa.gov/cleanenergy/energy-and-you/affect/natural-gas.html>; see also, Freeport Non-FTA Order at 20-21.

term ground leases a site of approximately 180 acres of land located at the Gulf of Mexico entrance point of the Calcasieu Ship Channel, and continuing northerly for approximately 3,900 feet alongside the western side of the Calcasieu Ship Channel (including all of Irregular Section 29 and part of Irregular Section 30, Township 15 South, Range 10 West of the Louisiana Meridian), in Cameron Parish, Louisiana. The proposed Waller Point LNG Terminal will consist of liquefaction units ultimately capable of producing LNG up to a total export capacity of 2.75 million metric tons per year, of which up to 1.5 million metric tons per year will be exported to Non-FTA countries upon authorization. It will also consist of: (1) berthing and accommodations for multiple LNG vessels, and in particular, tugs and barges, as well as unloading facilities and piping and appurtenances; (2) an LNG storage facility having storage capacity up to approximately 60,000 cubic meters (m³), with associated piping and control equipment; and (3) associated utilities, infrastructure, and support systems. The Waller Point LNG Terminal facilities would permit natural gas to be received by pipeline at the Waller Point LNG Terminal, liquefied, and loaded directly into LNG barges or loaded from the terminal's storage tanks into barges berthed along the marine facilities along the Calcasieu Ship Channel. Once the facilities are constructed and operational, the Waller Point LNG Terminal will be capable of natural gas treatment, liquefaction and export by direct transfer into off-taking LNG barges⁵³ or by transfer from the terminal's storage tanks into off-taking LNG barges. The long-term authorization requested in this application is necessary in order to permit Waller Point LNG to continue to incur substantial costs of developing the Waller Point LNG Terminal and to finalize and execute customer contracts with prospective customers. Construction and any modifications to the Waller Point LNG Terminal resulting from or in connection with this application would be

⁵³ See American Bureau of Shipping (ABS) website at <http://bit.ly/abswallermarine> (last checked November 2, 2013) regarding Waller Marine's articulated tug and barge regasification vessel which is capable of receiving, storing and transporting LNG.

subject to FERC approval. The agreements are expected to be for terms of up to 25 years in length and will run concurrently with Waller Point LNG's export authorization.

V. ENVIRONMENTAL IMPACT

Following the issuance of the long-term export authorization requested in this Application, Waller Point LNG will initiate the pre-filing review process at FERC for the proposed Waller Point LNG Terminal facilities. This will be the initial step in a comprehensive and detailed environmental review by FERC of the proposed Waller Point LNG Terminal. It is anticipated that, consistent with the requirements of the National Environmental Policy Act, FERC will act as the lead agency for environmental review, with DOE acting as cooperating agency. Accordingly, Waller Point LNG respectfully requests that the DOE issue an order approving this Application, with such approval subject to completion by FERC of a satisfactory environmental review.

VI. COMMUNICATIONS AND CORRESPONDENCE

All correspondence and communications concerning this Application, including all service of pleadings and notices and for any reports required in connection with the requested authorization, should be directed to the following persons:

Taylor M. Norton, Chief General Counsel
Beau Berthelot, Associate Counsel
Waller Point LNG
365 Canal Street, Suite 2250
New Orleans, LA 70130
Telephone: (504) 264-9236
Facsimile: (504) 264-9026
Email: tnorton@wallermarine.com

Pursuant to Section 590.103(a) of the DOE regulations, 10 C.F.R. §590.103(a), Waller Point LNG hereby certifies that the persons listed above and the undersigned are the duly authorized representatives of Waller Point LNG.

VII. MISCELLANEOUS

Waller Point LNG requests secondary distribution of the order by email. DOE/FE should communicate with Waller Point LNG by email, telephone and fax.

The \$50.00 application fee is submitted herewith, as the application filing fee, in accordance with 10 C.F.R. §590.207 (2012).

VIII. APPENDICES

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

Appendix A: Opinion of Counsel

Appendix B: Verification and Certification

IX. CONCLUSION

For the foregoing reasons, Waller Point LNG respectfully requests that DOE/FE deem that Waller Point LNG's proposed exportation of LNG to Non-FTA nations is consistent with the public interest and grant Waller Point LNG long-term, multi-contract authorization to export up to 1.5 million metric tons per annum of LNG, which is equivalent to approximately 0.19 Bcf/day, or 70 Bcf/year, of LNG, by vessel to any nation with which the United States does not have a Free Trade Agreement requiring national treatment for trade in natural gas or LNG with which trade is not prohibited by United States law or policy, for a 25-year term commencing on the earlier of the date of first export or five years from the date the requested authorization is granted. Waller Point LNG is requesting export authorization in order to act on its own behalf and in order to act on behalf of or as agent for third parties.

Respectfully submitted,



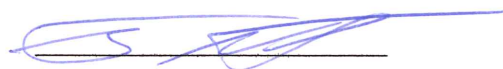
Taylor M. Norton, Chief General Counsel
Beau Berthelot, Associate Counsel
Waller LNG Services, LLC (d/b/a
Waller Point LNG)
365 Canal St., Suite 2250
New Orleans, LA 70130
Telephone: (504) 264-9236
Facsimile: (504) 264-9026
tnorton@wallermarine.com

Dated: November 26, 2013

VERIFICATION

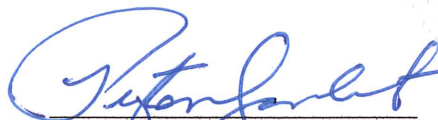
State of Louisiana)
Parish of Orleans)

BEFORE ME, the undersigned authority, on this day personally appeared Taylor M. Norton, who, having been by me first duly sworn, on oath says that he is the Chief General Counsel of Waller LNG Services, LLC (d/b/a Waller Point LNG) and is duly authorized to make this Verification; that he has read the foregoing instrument and that the facts therein stated are true and correct to the best of his knowledge, information and belief.



Taylor M. Norton

SWORN TO AND SUBSCRIBED before me on the 26th day of November, 2013.



Name: Peyton Lambert

Title: Notary Public

My Commission expires: at death

PEYTON C. LAMBERT
BAR # 32537
NOTARY #89597
STATE OF LOUISIANA
MY COMMISSION IS FOR LIFE



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November 26, 2013

Mr. John Anderson
Office of Fuel Programs
Fossil Energy, U.S. Department of Energy
Docket Room 3F-056, FE50
Forrestal Building
1000 Independence Avenue, S.W.
Washington, D.C. 10585
fergas@hq.doe.gov

**Re: Waller LNG Services, LLC
FE Docket No. 13-___-LNG
Application For Long-Term Authorization to Export Liquefied Natural Gas to Non-
Free Trade Agreement Countries – Opinion of Counsel**

Dear Mr. Anderson:

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). Waller LNG Services, LLC (d/b/a Waller Point LNG) ("Waller Point LNG") seeks authorization to export liquefied natural gas ("LNG") from its proposed Waller Point LNG Terminal presently under development for the entrance point of the Calcasieu Ship Channel in Cameron Parish in Southwest Louisiana, to any nation that currently has or develops the capacity to import LNG with which the United States does not have a Free Trade Agreement ("Non-FTA") requiring national treatment for trade in natural gas or LNG with which trade is not prohibited by United States law or policy. Waller Point LNG is requesting authorization to export LNG both on its own behalf and as agent for other parties who themselves hold title to the LNG at the time of export.

I have reviewed and examined the corporate documents of Waller Point LNG and other authorities as necessary, and it is my opinion that the proposed long-term, multi-contract export of LNG, as described in the above-referenced application, is within the limited liability company powers of Waller Point LNG. Further, Waller Point LNG is authorized to do business in Louisiana and Texas and to engage in foreign commerce.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "T. Norton", written over a horizontal line.

Taylor M. Norton
Chief General Counsel
Waller LNG Services, LLC, d/b/a
Waller Point LNG