

RECEIVED

By Docket Room at 8:42 am, Apr 19, 2013

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

**In the Matter of:
FREEPORT LNG DEVELOPMENT, L.P.**

Docket No. 13- 51 LNG

**APPLICATION OF
FREEPORT LNG DEVELOPMENT, L.P.
FOR BLANKET AUTHORIZATION TO EXPORT LIQUEFIED NATURAL GAS
ON A SHORT-TERM BASIS**

Communications regarding this
Application should be addressed to:

Les E. Lo Baugh, Esq.
Brownstein Hyatt Farber Schreck, LLP
2029 Century Park East, Suite 2100
Los Angeles, CA 90067
Tel (310) 500-4638
Fax (310) 500-4602
Email: llobaugh@bhfs.com

John B. Tobola
Vice President & General Counsel
Freeport LNG Development, L.P.
333 Clay St., Suite 5050
Houston, Texas 77002
Tel (713) 333-4241
Fax (713) 980-2903
Email: jtobola@freportlng.com

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

**In the Matter of:
FREEPORT LNG DEVELOPMENT, L.P.**

Docket No. 13- 51 LNG

**APPLICATION OF
FREEPORT LNG DEVELOPMENT, L.P.
FOR BLANKET AUTHORIZATION TO EXPORT LIQUEFIED NATURAL GAS
ON A SHORT-TERM BASIS**

This application is submitted pursuant to Section 3 of the Natural Gas Act (NGA), Part 590 of the Regulations of the Department of Energy ("DOE"), and Section 201 of the Energy Policy Act of 1992. Freeport LNG Development, L.P. ("Freeport LNG") hereby requests that the DOE Office of Fossil Energy ("FE") issue an order granting blanket authorization for Freeport LNG to engage in short-term exports of up to 24 billion cubic feet ("Bcf"), on a cumulative basis, of liquefied natural gas ("LNG") previously imported into the United States from foreign sources. The authorization requested is for a two-year period commencing upon the expiration of the current short-term export authorization granted Freeport LNG by DOE/FE Order No. 2986 on July 19, 2011 in FE Docket No. 11-51-LNG. Said Order No. 2986 is effective for a two-year term beginning on July 19, 2011 and extending through July 18, 2013.

Freeport LNG proposes to export foreign sourced LNG from Quintana Island near Freeport, Texas to any country with the capacity to import LNG via ocean-going carrier, and

with which trade is not prohibited by United States law or policy. No LNG from domestically produced natural gas will be exported as a result of the authorization requested by this application.

In support of this application, Freeport LNG respectfully shows as follows:

I.

DESCRIPTION OF THE APPLICANT

The exact legal name of Freeport LNG is Freeport LNG Development, L.P., a Delaware limited partnership with four limited partners: (1) Freeport LNG Investments, LLP, a Delaware limited liability limited partnership, which owns a 20% limited partnership interest in Freeport LNG; (2) ZHA FLNG Purchaser LLC, a Delaware limited liability company, which owns a 55% limited partnership interest in Freeport LNG; (3) Texas LNG Holdings LLC, a Delaware limited liability company and wholly owned subsidiary of The Dow Chemical Company, which owns a 15% limited partnership interest in Freeport LNG; and (4) Turbo LNG, LLC, a Delaware limited liability company and wholly owned subsidiary of Osaka Gas Co., Ltd., which owns a 10% limited partnership interest in Freeport LNG.

In addition to the limited partners, Freeport LNG has one general partner that manages the company, Freeport LNG-GP, Inc., a Delaware corporation, which is owned 50% by MS GP Holdco, LLC, an entity owned by an individual, Michael S. Smith, and 50% by ConocoPhillips Company.

The principal place of business for Freeport LNG is located at 333 Clay Street, Suite 5050, Houston, Texas 77022. Freeport LNG is authorized to do business in the State of Texas.

II.

AUTHORIZATION REQUESTED

Freeport LNG requests that DOE/FE grant blanket authorization to export up to a cumulative total of 24 Bcf of previously imported foreign sourced LNG on a short-term or spot market basis from its terminal on Quintana Island, Texas, to any country which has the capacity to import LNG via ocean-going carrier, and with which trade is not prohibited by United States law or policy. Freeport LNG requests that this authorization include both imported LNG supplies to which Freeport LNG holds title, and LNG supplies imported from foreign sources that Freeport LNG may export as agent on behalf of other entities who themselves hold title. In this application, Freeport LNG is not requesting authority to export domestically produced natural gas or LNG. Furthermore, Freeport LNG will not export LNG to those countries with which trade is prohibited by U.S. law or policy either now or at the time of the export from Freeport LNG's facilities.

III.

BACKGROUND

On June 18, 2004, the Federal Energy Regulatory Commission ("FERC") issued an order authorizing Freeport LNG to site, construct and operate the Freeport Terminal on Quintana Island, southeast of the City of Freeport in Brazoria County, Texas. The facilities, completed in June 2008, include an LNG ship marine terminal and unloading dock, LNG transfer lines, storage tanks, high-pressure vaporizers, and a 9.6-mile send-out pipeline extending to the Stratton Ridge meter station.

On May 28, 2009, DOE/FE issued Order No. 2644 authorizing Freeport LNG to export, on its own behalf or as an agent for others, up to a total quantity of 24 Bcf of foreign-source LNG from the Freeport Terminal over a two-year period to customers in the U.K., Belgium,

Spain, France, Italy, Japan, South Korea, India, China and/or Taiwan. This authorization was later amended to permit export to Canada, Mexico, and any other country with the capacity to import LNG via ocean-going carrier and with which trade is not prohibited by U.S. law or policy.

On November 19, 2010, Freeport LNG's wholly owned subsidiary, Freeport LNG, Expansion, L.P. filed an application for blanket authorization to export up to a combined total of 876 Bcf of LNG to Canada and Mexico for a two-year term. This request was granted by DOE/FE in Order No. 2884 on December 1, 2010. On April 21, 2011 Freeport LNG filed an application with DOE/FE Docket No. 11-51-LNG, which was approved in Order No. 2986. That application was filed in anticipation of the expiration of Order No. 2644 (as amended by Order Nos. 2644-A and 2644-B). It was approved in Order No. 2986 which became effective on July 19, 2011 and expires on July 18, 2013. This current application is filed in anticipation of the expiration of Order No. 2986 and requests the same type of authorization previously granted by DOE/FE to Freeport LNG in Order 2986.

Wholly owned subsidiaries of Freeport LNG, Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC, recently filed four applications to export LNG, two of which is still pending before DOE/FE. All four of those applications are for long term exportation of LNG produced from domestically produced natural gas. (Please see DOE/FE Applications Nos. 10-60-LNG; 12-06-LNG; 10-161-LNG; & 11-161-LNG.) The first two of those applications are for domestic source LNG exports to countries with which the United States has a Free Trade Agreement ("FTA") that calls for national treatment of natural gas. Those FTA applications have been approved by DOE/FE in Orders 2913 and 3066. The other two applications, namely Nos. 10-161-LNG and 11-161-LNG are for exports of domestic sourced LNG to non-FTA countries.

These two non-FTA applications are currently under review by both DOE/FE and the Federal Energy Regulatory Commission. Because those applications requested authorization to export domestically produced LNG, they are unrelated to LNG exports that are the subject of this application. As noted above, this application only seeks authorization to export foreign-sourced LNG.

Applicant requests authority to export previously imported LNG to which it holds title, as well as previously imported LNG that it may export on behalf of other entities who themselves hold title. The blanket export authorization requested is substantially similar to that previously granted by DOE/FE to Freeport LNG in 2009, 2010 & 2011, Cheniere Marketing, Inc., in 2009, and ConocoPhillips Company in 2009, and The Dow Chemical Company in 2010.

Over the last few years there has been a significant rise in domestic production of natural gas. There has also been a significant decline in the price of domestically produced natural gas. As a consequence, LNG imports into the United States have fallen. Such imports are not price competitive with domestic natural gas. The export authorization requested herein will enable the Freeport LNG facilities to have greater flexibility to attract LNG imports in the quantities necessary to maintain full operation of the Quintana Island terminal and related energy infrastructure during periods, such as this, when U.S. market prices would not otherwise support LNG deliveries to the U.S. Additionally, granting the authorization requested will increase the likelihood that an imported supply is present and available for delivery to U.S. markets if a change in market conditions should require such supplies. Without the commercial flexibility provided by a blanket export authorization, imports of LNG cargoes to Freeport facilities will be unduly limited and domestic consumers will have a reduced likelihood of additional supply in the event of sudden increased demand.

IV.

PUBLIC INTEREST STANDARD

This application is submitted pursuant to Section 3 of the NGA, under which DOE/FE is required to authorize exports unless it makes an affirmative finding that such exports “will not be consistent with the public interest.” Section 3 thus creates a statutory presumption in favor of the approval of this export application. Any opponents would bear the burden of overcoming that presumption. It should further be noted that granting the blanket export authorization requested by Freeport LNG is fully compatible with the principles established by the Policy Guidelines, which promote free and open trade by minimizing federal control and involvement in energy markets.

A. There Is No Domestic Reliance on the Gas That Freeport LNG Seeks to Export

There is currently no domestic reliance on the volumes of imported LNG that Freeport LNG seeks to export. The domestic natural gas resource base, as well as domestic natural gas reserves and production have risen dramatically over the past few years. As a result of this significant increase in domestic supply, domestic gas prices have remained low compared to other global markets, such as in Europe and Asia. These circumstances are expected to last decades and discourage foreign sourced LNG imports to the United States.

In Order No. 2986, which granted Freeport LNG blanket authorization to export up to 24 Bcf (cumulative) of previously imported foreign-sourced LNG, the DOE/FE determined that there was no domestic reliance on the volumes of imported LNG that Freeport LNG sought to export. The imported LNG that Freeport LNG seeks to export will be surplus to the demands of U.S. markets during the period of requested authorization, and is needed primarily to enable Freeport LNG to economically maintain and operate its Quintana Island terminal. As there is no domestic reliance on such supplies, the requested short-term blanket export authorization is

clearly not inconsistent with the public interest. It meets the requirements of DOE Delegation Order No. 0204-111, which requires “consideration of the domestic need for the gas to be exported.”

B. Local Gas Supplies Will Not Be Reduced

Freeport LNG is currently authorized to export previously-imported LNG. The authorization requested herein is very limited in both scope and duration. Approval of this application will provide commercial flexibility to help ensure the full and continual operation of its LNG import facilities at the Quintana Island terminal. Freeport LNG’s proposed export of foreign-sourced LNG will not reduce local or domestic supplies of natural gas.

C. Export Authorization Will Ensure the Operational Readiness of Essential Infrastructure

Even during these periods when market conditions do not support LNG import activity, Freeport LNG is required to maintain safe and reliable cryogenic operations at its Quintana Island terminal. If the continuous cryogenic operations of the terminal facility are interrupted, it will take several weeks to restore it to operational readiness. Furthermore, if operations were interrupted, Freeport LNG and its Quintana Island terminal would be unable to respond to changes in U.S. natural gas market conditions should those occur. Ensuring the continuing operation of essential U.S. energy infrastructure is consistent with the public interest.

V.

ENVIRONMENTAL IMPACT

No changes to the Freeport LNG Quintana Island terminal would be required for the proposed export of foreign-source LNG. Consequently, granting this application will not be a federal action significantly affecting the human environment within the meaning of the National

Environmental Policy Act. Therefore, an environmental impact statement or environmental assessment is not required.

VI.

REPORTING REQUIREMENTS

For all exports made pursuant to the authorization requested herein, Freeport LNG will undertake to file reports with the Office of Natural Gas Regulatory Activities pursuant to the requirements imposed by DOE/FE in its recent order and the order approving this application.

Freeport LNG's reporting contact is:

Veronica Cantu
Freeport LNG Development, L.P.
333 Clay St., Suite 5050
Houston, Texas 77002
Tel (713) 333-4246
Fax (713) 980-2903
vcantu@freeportlng.com

VII.

APPENDICES

- Appendix A: Opinion of Counsel
Appendix B: Verification and Certified Statement

VIII.

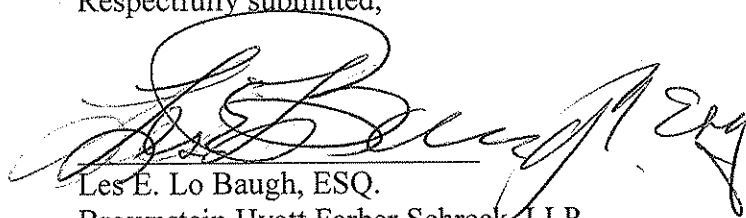
CONCLUSION

Freeport LNG requests short-term blanket authorization to export previously imported LNG up to a cumulative total of 24 Bcf of LNG from the Quintana Island terminal to any country which has or will in the future develop the capacity to receive LNG via ocean-going carrier, and with which trade is not prohibited by U.S. law or policy. Freeport LNG requests authority to export previously imported LNG to which Freeport LNG holds title, as well as

previously imported LNG that Freeport LNG may export on behalf of other entities who themselves hold title.

Freeport LNG respectfully requests that the DOE/FE determine that Freeport LNG's request for short-term blanket authorization to export LNG to which Freeport holds title, as well as on behalf of other entities who themselves hold title, to those countries with which trade is not prohibited by U.S. law or policy is not inconsistent with the public interest. Accordingly, Freeport LNG respectfully requests that DOE/FE issue an order pursuant to Section 3(c) of the Natural Gas Act, as amended by Section 201 of the Energy Policy Act of 1992, for blanket authorization to export LNG commencing upon the expiration of the authority previously granted in FE Order No. 2986 and continuing for two years thereafter.

Respectfully submitted,



Les E. Lo Baugh, ESQ.
Brownstein Hyatt Farber Schreck, LLP
Attorneys for
Freeport LNG Development, L.P.

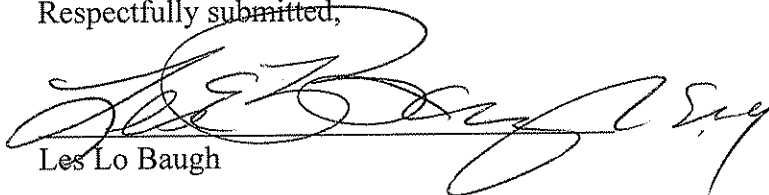
April 18, 2013

APPENDIX A

Opinion of Counsel

This opinion is submitted pursuant to Section 590.202(c) of the U.S. Department of Energy's regulations. I have examined the Amended and Restated Articles of Incorporation of Freeport LNG Development, L.P. and other authorities as necessary, and have concluded that the proposed exportation of liquefied natural gas from the United States, as described in the Application for Blanket Authorization to Export Liquefied Natural Gas On a Short-Term Basis to which this Opinion of Counsel is attached as Appendix A, is within the corporate powers of both Freeport LNG Development, L.P.

Respectfully submitted,



Les Lo Baugh

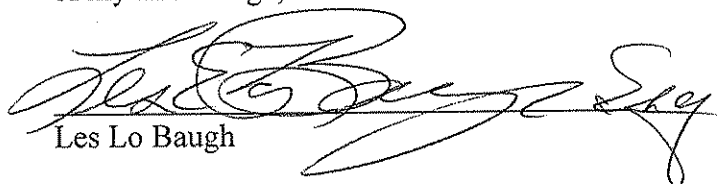
APPENDIX B

VERIFICATION And CERTIFIED STATEMENT

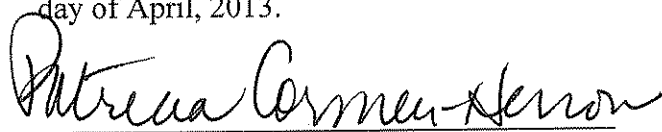
County of Los Angeles

State of California

I, Les LoBaugh, being duly sworn on his oath, do hereby affirm that I am a duly authorized representative of Freeport LNG Development L.P.; 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.


Les Lo Baugh

Sworn to and subscribed before me, a Notary Public, in and for the State of California, this 18th day of April, 2013.


Patricia Cormier-Herron, Notary Public

