

[6450-01-P]

DEPARTMENT OF ENERGY

[FE Docket No. 13-51-LNG]

Freeport LNG Development, L.P.; Application for Blanket Authorization to Export Previously Imported Liquefied Natural Gas on a Short-Term Basis

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 April 19, 2013, by Freeport LNG Development, L.P. (Freeport LNG), requesting blanket authorization to export liquefied natural gas (LNG) that previously had been imported into the United States from foreign sources in a cumulative amount up to the equivalent of 24 billion cubic feet (Bcf) of natural gas on a short-term or spot market basis for a two-year period commencing on July 19, 2013.¹ The LNG would be exported from the existing Freeport LNG Terminal facilities on Quintana Island, Texas, to any country with the capacity to import LNG via ocean-going carrier and with which trade is not prohibited by U.S. law or policy. Freeport LNG is requesting authorization both to export LNG to which it holds title on its own behalf and as agent for parties who hold title to the LNG at the time of export. 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.

¹ *Freeport LNG Development, L.P.*, DOE/FE Order No. 2986 (July 19, 2011) extends through July 18, 2013 (FE Docket No. 11-51-LNG).

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 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES:

Electronic Filing by email:

fergas@hq.doe.gov

Regular Mail

U.S. Department of Energy (FE-34)
Office of Oil and Gas Global Security and Supply
Office of Fossil Energy
P.O. Box 44375
Washington, DC 20026-4375

Hand Delivery or Private Delivery Services (e.g., FedEx, UPS, etc.)

U.S. Department of Energy (FE-34)
Office of Oil and Gas Global Security and Supply
Office of Fossil Energy
Forrestal Building, Room 3E-042
1000 Independence Avenue, SW
Washington, DC 20585

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION:

Background

Freeport LNG is 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. Freeport LNG has its principal place of business in Houston, Texas.

On June 18, 2004, the Federal Energy Regulatory Commission (FERC) authorized Freeport LNG to site, construct and operate the Freeport LNG 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 and storage tanks, high-pressure vaporizers, and a 9.6-mile long send-out pipeline extending to the Stratton Ridge meter station.² On July 1, 2008, FERC issued a letter Order granting Freeport LNG's request to commence service at its Quintana Island import terminal.

² See *Freeport LNG Development, L.P.*, 107 FERC ¶ 61,278, (2004), *order granting rehearing and clarification*, 108 FERC ¶ 61,253 (2004), *order amending Section 3 authorization*, 112 FERC ¶ 61,194 (2005), *order issuing authorization*, 116 FERC ¶ 61,290 (2006).

On May 28, 2009, in DOE/FE Order No. 2644, DOE/FE granted Freeport LNG authorization to export previously imported foreign-sourced LNG, on its own behalf or as an agent for others, up to a cumulative total equivalent to 24 Bcf of natural gas from the Freeport LNG Terminal to certain countries in Europe and Asia for a two-year period that extended through May 27, 2011. In amendments set forth in DOE/FE Order Nos. 2644-A and 2644-B, Freeport LNG was authorized to export this LNG to any country not prohibited by U.S. law that has capacity to import LNG via ocean-going carrier.

On July 19, 2011, in DOE/FE Order No. 2986, DOE/FE extended this authorization for an additional two years. Specifically, DOE/FE granted Freeport LNG blanket authorization to export previously imported foreign-sourced LNG, on its own behalf or as agent for others, up to a cumulative total equivalent to 24 Bcf of natural gas from the Freeport LNG Terminal for an additional two-year period that extends through July 18, 2013, to any country with the capacity to import LNG via ocean-going carrier and with which trade was not prohibited by U.S. law or policy.

Current Application

The current Application is filed in anticipation of the upcoming expiration of Order No. 2986 on July 18, 2013, and requests the same type of authorization previously granted in that Order. Freeport LNG therefore requests this blanket authorization to export previously imported foreign-sourced LNG, on its own behalf or as agent for others who hold title to the LNG at the time of export, up to a cumulative total equivalent to 24 Bcf of natural gas from the Freeport LNG Terminal for a two-year period, beginning on July 19, 2013. Freeport LNG is seeking such authorization to export previously imported LNG to any country with the capacity to import LNG via ocean-going carrier and with which trade is not prohibited by Federal law or policy. Freeport LNG states that it does not seek authorization to export domestically-produced natural gas or LNG.

Public Interest Considerations

Freeport LNG asserts that the proposed authorization is in the public interest. In support of its Application, Freeport LNG states that section 3 of the NGA provides that application to export natural gas to foreign countries will be authorized unless there is a finding that such exports “will not be consistent with the public interest.”³ Freeport LNG states that Section 3 thus creates a statutory presumption in favor of approval of this application, and that parties opposing the authorization bear the burden of overcoming this presumption.

Freeport LNG states that, in its existing authorization to export foreign-sourced LNG granted in Order 2986, DOE/FE determined that there was no domestic reliance on the volumes of imported LNG that Freeport LNG sought to export. As before, 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. Freeport LNG asserts that, as there is no reliance on domestic supplies, the requested authorization is not inconsistent with the public interest. Freeport LNG further asserts that this proposed authorization meets the requirements of DOE Delegation Order No. 0204-111, which requires “consideration of the domestic need for the gas to be exported.”⁴

Freeport LNG states that the authorization requested will provide commercial flexibility to help ensure the full and continual operation of its LNG import facilities at the Quintana Island terminal. Freeport LNG further states that the proposed export of foreign-sourced LNG will not reduce local or domestic supplies of natural gas.

Freeport LNG emphasizes that the requested authorization will ensure the operational readiness of essential infrastructure at its Quintana Island terminal. Freeport LNG states that, if the

³ 15 U.S.C. § 717b(a). Natural gas is defined to include LNG in 10 C.F.R. § 590.102(i).

⁴ New Policy Guidelines and Delegations Order Relating to Regulation of Imported Natural Gas, 49 Fed. Reg. 6684 (Feb. 22, 1984).

continuous cryogenic operations of the terminal facility were interrupted, it would require several weeks to restore the system 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. For these reasons, Freeport LNG asserts that ensuring the continuing operation of essential U.S. energy infrastructure is consistent with the public interest.

Environmental Impact

Freeport LNG states that no change to the Freeport LNG Terminal on Quintana Island would be required for the proposed export of foreign-sourced LNG. Thus, according to Freeport LNG, approval of this application will not constitute a federal action significantly affecting the human environment within the meaning of the National Environmental Policy Act (NEPA), 42 U.S.C. 4321 *et seq.*, and no environmental impact statement or environmental assessment will be required.

DOE/FE Evaluation

The Application will be reviewed pursuant to section 3(a) of the NGA, 15 U.S.C. § 717b(a), 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 Application, DOE will consider domestic need for the natural gas, as well as any other issues 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. Persons that may oppose this Application should comment in their responses on these issues.

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 NEPA responsibilities.

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 C.F.R. Part 590. The information contained in any filing will not be held confidential and will be posted to DOE's public website except to the extent confidential treatment is requested and granted.

Filings may be submitted using one of the following methods: (1) e-mailing the filing to fergas@hq.doe.gov, with FE Docket No. 13-51-LNG in the title line; (2) mailing an original and three paper copies of the filing to the Office of Oil and Gas Global Security and Supply at the address listed in ADDRESSES; or (3) hand delivering an original and three paper copies of the filing to the Office of Oil and Gas Global Security and Supply at the address listed in ADDRESSES. All filings must include a reference to FE Docket No. 13-51-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

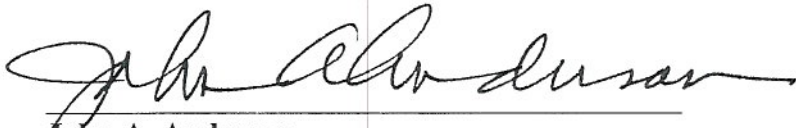
intervention may request that additional procedures be provided, such as additional written comments, an oral presentation, a conference, or trial-type hearing. Any request to file additional written comments should explain why they are necessary. Any request for an oral presentation should identify 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 C.F.R. § 590.316.

The Application is available for inspection and copying in the Office of Oil and Gas Global Security and Supply docket room, Room 3E-042, 1000 Independence Avenue, SW, 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 June 5, 2013.

A handwritten signature in black ink, appearing to read "John A. Anderson". The signature is written in a cursive style with a horizontal line underneath it.

John A. Anderson,
Manager, Natural Gas Regulatory Activities
Office of Oil and Gas Global Security and Supply
Office of Fossil Energy