

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ARGENT MARINE MANAGEMENT, INC.

FE DOCKET NO. 13-105-LNG

ORDER GRANTING LONG-TERM MULTI-CONTRACT
AUTHORIZATION TO EXPORT LIQUEFIED NATURAL GAS
IN APPROVED ISO CONTAINERS LOADED AT THE
TRUSSVILLE, ALABAMA, LNG FACILITY AND
EXPORTED VIA OCEAN-GOING VESSEL
TO FREE TRADE AGREEMENT NATIONS

DOE/FE ORDER NO. 3356

NOVEMBER 6, 2013

I. DESCRIPTION OF REQUEST

On August 29, 2013, Argent Marine Management, Inc. (Argent Marine) filed an application (Application), with the Office of Fossil Energy (FE) of the Department of Energy (DOE) under section 3 of the Natural Gas Act (NGA)¹ for long-term, multi-contract authorization to export liquefied natural gas (LNG) produced from domestic sources in an amount up 20,000 metric tons per annum over a 25-year period commencing on the earlier of the date of first export or three years from the date the authorization is issued (November 6, 2016). Argent Marine states the requested export amount is equivalent to approximately one (1) billion cubic feet per year (Bcf/yr) of natural gas.²

Argent Marine seeks authorization to export LNG in LNG-rated International Organization for Standardization (ISO) approved cargo containers (IMO7/TVAC-ASME LNG, hereafter ISO containers) transported on ocean going LNG vessels to any country 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.³ LNG supplies will be obtained from Pivotal LNG, Inc.'s existing LNG production facility in Trussville, Alabama (Trussville LNG facility).⁴ Argent Marine seeks to export the LNG from any existing or future U.S. port that has or will develop the

¹ The authority to regulate the imports and exports of natural gas, including liquefied natural gas, under section 3 of the NGA (15 U.S.C. §717b) has been delegated to the Assistant Secretary for FE in Redelegation Order No. 00-002.04F issued on July 11, 2013.

² Argent Marine requests authorization to export up to 20,000 metric tons per annum of LNG, which it states is equivalent to approximately 1 Bcf/yr of natural gas. Consistent with DOE regulations (10 C.F.R. Part 590), applications are to provide volumes in Bcf, and therefore DOE/FE will authorize LNG exports equivalent to 1 Bcf/yr of natural gas.

³ The United States currently has free trade agreements requiring national treatment for trade in natural gas with Australia, Bahrain, Canada, Chile, Colombia, 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.

⁴ Argent Marine states that they formalized an agreement to obtain LNG supplies from Pivotal LNG, Inc on July 19, 2013, in the amount of 20,000 metric tons per year from the Trussville LNG facility.

capability to load ISO containers onto cargo carriers. Argent Marine seeks to export this LNG on its own behalf and as agent for others who may hold title to the LNG at the time of export.

II. BACKGROUND

Argent Marine is a U.S. corporation organized under the laws of the State of Nevada with its principal place of business in Incline Village, Nevada. Argent Marine states that it has more than twenty years of experience in the LNG transportation industry, and has as its principal business goal developing the small scale distribution of LNG globally. Argent Marine, a private corporation, further states that its capital stock 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.

Argent Marine states that on July 19, 2013, it formalized an agreement to obtain LNG supplies from Pivotal LNG, Inc. (Pivotal), a wholly-owned subsidiary of AGL Resources, which Argent Marine states is a major U.S. energy company with operations in natural gas distribution, retail, and wholesale markets. Argent Marine states that, under this agreement, it proposes to export domestically-sourced LNG from Pivotal's existing LNG production facility in Trussville, Alabama. According to Argent Marine, the LNG received from the Pivotal facility will be transported to a port in the Southeastern United States via truck. Argent Marine and its co-venturer, Maersk Line, Limited (the U.S. affiliate of A.P. Moller Maersk), will utilize companies capable of delivering LNG to United States ports via truck.⁵ At the port, Argent Marine states that the LNG will be loaded onto an Argent Marine vessel capable of carrying ISO containers.

Argent Marine proposes to export LNG from one or more ports in the Southeastern United States. Argent Marine states that, through its venture with Maersk, it will have the ability

⁵ Argent Marine states that additional information about its joint development arrangements with Maersk can be found at <http://www.maersklinelimited.com/Services/lng.php?st=sid15> (2013).

to load ISO containers in the ports of Jacksonville, Florida; Houston, Texas; and Norfolk, Virginia—locations where affiliates of Maersk have facilities. Argent Marine additionally requests authorization to load at any other U.S. port that is now or will be in the future capable of loading ISO containers.

Argent Marine proposes to sell domestically-sourced LNG for a term of up to twenty-five years under one or more long-term agreements that provide for deliveries to FTA countries.⁶ Argent Marine states that it has had discussions with a major downstream distributor and with customers in FTA countries—particularly in the Caribbean, a region that Argent Marine states is ideal for small to mid-scale LNG supply operations. According to Argent Marine, these discussions have focused on serving the growing demand for natural gas from customers in 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 burning cleaner natural gas.

Argent Marine is requesting authorization both on its own behalf and as agent for others who may hold title to the LNG at the time of export. Argent Marine states that although it will serve as the offtaker, exporter, and transporter of LNG sourced from Pivotal, Pivotal itself does not wish to hold an authorization to export LNG. Moreover, Argent Marine states that it has had discussions with other U.S. suppliers that may desire to export LNG under Argent Marine's authorization, and that it will supplement this Application to the extent additional volumes of LNG are committed for export. Argent Marine states that it will file all long-term contracts with

⁶ 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 states that it will file a separate two-year blanket application seeking such authorization in accordance with DOE policy.

DOE under seal, and provide public version of these contracts for posting, following their execution.⁷

Argent Marine states that the Pivotal LNG facility that will produce the LNG for export can produce up to 60,000 LNG gallons per day (approximately 4.96 million standard cubic feet), with a total storage capacity of 4.8 million gallons. Argent Marine states that 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. Argent states that no modifications or additions to Pivotal's Trussville LNG facility will be needed for Argent to export LNG from the United States.

Argent Marine states that containers used for transportation within the United States will comply with all applicable regulations, including those required by the U.S. Department of Transportation. Argent Marine further notes that third party transporters 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 the transportation of LNG.

Argent Marine proposes to export LNG on small scale ocean going vessels of its own design, which can carry smaller quantities of LNG more efficiently and provide certain flexibilities not offered by traditional large ocean going cargo vessels. Argent Marine states that small scale LNG transport via ISO container provides substantial flexibility and benefits to companies and customers that cannot economically justify large-scale LNG transport via traditional carriers. In addition, Argent Marine states that its ISO container transport vessels are

⁷ DOE/FE has previously determined that this commitment meets the requirements of 10 C.F.R. § 590.202(b), which requires applicants to supply transaction-specific information "to the extent practicable." *See, e.g.* Sabine Pass Liquefaction, LLC, FE Docket No. 10-85-LNG, Order No. 2833 (September 7, 2010).

capable of loading at existing U.S. ports, without dredging or other construction associated with large-scale LNG projects.

III. FINDINGS

(1) Section 3(c) of the NGA was amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486) to require that applications to authorize (a) the import and export of natural gas, including LNG, from and to a nation with which there is in effect a FTA requiring national treatment for trade in natural gas, and (b) the import of LNG from other international sources, be deemed consistent with the public interest and granted without modification or delay.⁸

(2) In light of DOE's statutory obligation to grant this Application without modification or delay, there is no need for DOE/FE to review the other arguments posed by Argent Marine in support of the Application. The instant grant of authority should not be read to indicate DOE's views on those arguments.

(3) The countries with which the United States has an FTA requiring national treatment for trade in natural gas currently are: Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore.

(4) As described above, Argent Marine requests authorization to export LNG on its own behalf and as agent for other entities who themselves hold title to the LNG at the time of export. DOE/FE previously addressed the issue of agency rights in DOE/FE Order No. 2913 (Order

⁸ DOE further finds that the requirement for public notice of applications and other hearing-type procedures in 10 C.F.R. Part 590, are applicable only to applications seeking to export natural gas, including LNG, to countries with which the United States does not have a FTA requiring national treatment for trade in natural gas.

2913),⁹ which granted Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC (collectively, FLEX) authority to export LNG to FTA countries. In that order, DOE/FE approved a proposal by FLEX to register each LNG title holder for whom FLEX sought to export LNG as agent. DOE/FE found that this proposal was an acceptable alternative to the non-binding policy adopted by DOE/FE in *The Dow Chemical Company*,¹⁰ which established that the title for all LNG authorized for export must be held by the authorization holder at the point of export. We find that the same policy considerations that supported DOE/FE's acceptance of the alternative registration proposal in Order 2913 apply here as well.

DOE/FE reiterated its policy on Agency Rights procedures in *Gulf Coast LNG Export, LLC*.¹¹ In *Gulf Coast*, DOE/FE confirmed that, in LNG export orders in which Agency Rights have been granted, DOE/FE shall require registration materials filed for, or by, an LNG titleholder (Registrant) to include the same company identification information and long-term contract information of the Registrant as if the Registrant had filed an application to export LNG on its own behalf.¹²

To ensure that the public interest is served, the authorization granted herein shall be conditioned to require that where Argent Marine proposes to export LNG as agent for other entities who hold title to the LNG (Registrants), Argent Marine must register with DOE/FE those entities on whose behalf it will export LNG in accordance with the procedures and requirements described herein.

⁹ *Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC*, DOE/FE Order No. 2913, Order Granting Long-Term Authorization to Export Liquefied Natural Gas from Freeport LNG Terminal to Free Trade Nations (Feb. 10, 2011).

¹⁰ *The Dow Chemical Company*, DOE/FE Order No. 2859, Order Granting Blanket Authorization to Export Liquefied Natural Gas (Oct. 5, 2010), at 7-8, discussed in *Freeport LNG*, DOE/FE Order No. 2913, at 7-8.

¹¹ *Gulf Coast LNG Export, LLC*, Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas By Vessel from the Proposed Brownsville Terminal to Free Trade Agreement Nations, DOE/FE Order No. 3163 (Oct. 16, 2012).

¹² *See id.* at 7-8.

(5) Section 590.202(b) of DOE/FE's regulations require applicants to supply transaction specific factual information "to the extent practicable."¹³ Additionally, DOE/FE regulations at 10 C.F.R. § 590.202(e) allow confidential treatment of the information supplied in support of or in opposition to an application if the submitting party requests such treatment, shows why the information should be exempted from public disclosure, and DOE/FE determines it will be afforded confidential treatment in accordance with 10 C.F.R. § 1004.11.¹⁴

(6) DOE/FE will require that Argent Marine file or cause to be filed with DOE/FE any relevant long-term commercial agreements (contracts) pursuant to which Argent Marine exports LNG as agent for a Registrant once they have been executed. DOE/FE finds that the submission of all such agreements or contracts within 30 days of their execution using the procedures described below will be consistent with the "to the extent practicable" requirement of section 590.202(b). By way of example and without limitation, a "relevant long-term commercial agreement" would include an agreement with a minimum term of two years, such as a long-term sales contract involving LNG stored or liquefied at the Trussville LNG facility.

(7) DOE/FE also will require Argent Marine to file any long-term contracts Argent Marine enters into providing for the long-term export of LNG on its own behalf pursuant to this Order. DOE/FE finds that the submission of these contracts within 30 days of their execution using the procedures described below will be consistent with the "to the extent practicable" requirement of section 590.202(b).

(8) In addition, DOE/FE finds that section 590.202(c) of DOE/FE's regulations¹⁵ requires that Argent Marine file, or cause to be filed, all long-term contracts associated with the

¹³ 10 C.F.R. § 590.202(b).

¹⁴ *Id.* § 590.202(e).

¹⁵ *Id.* § 590.202(c).

long-term supply of natural gas to Trussville LNG facility whether signed by Argent Marine or the Registrant within 30 days of their execution.

(9) DOE/FE recognizes that some information in Argent Marine's or a Registrant's long-term commercial agreements associated with the export of LNG, and/or long-term contracts associated with the long-term supply of natural gas to the Trussville LNG facility may be commercially sensitive. DOE/FE therefore will provide Argent Marine the option to file or cause to be filed either unredacted contracts, or in the alternative: (A) Argent Marine may file, or cause to be filed, long-term contracts under seal, but it also will file either: i) a copy of each long-term contract with commercially sensitive information redacted, or ii) a summary of all major provisions of the contract(s) including, but not limited to, the parties to each contract, contract term, quantity, any take or pay or equivalent provisions/conditions, destinations, re-sale provisions, and other relevant provisions; and (B) the filing must demonstrate why the redacted information should be exempted from public disclosure.

To ensure that DOE/FE destination and reporting requirements included in this Order are conveyed to subsequent title holders, DOE/FE will include as a condition of this authorization that future contracts for the sale or transfer of LNG exported pursuant to this Order shall include an acknowledgement of these requirements.

ORDER

Pursuant to section 3 of the NGA, it is ordered that:

A. Argent Marine is authorized to export domestically produced LNG up to the equivalent of 1 Bcf/yr of natural gas for a 25-year term, beginning on the earlier of the date of first export or 3 years from the date the authorization is issued (November 6, 2016). This LNG may be exported in approved ISO containers loaded at the existing LNG production facility in

Trussville, Alabama, and exported via ocean-going vessel. Argent Marine is authorized to export this LNG as agent for other entities who hold title to the natural gas, pursuant to one or more long-term contracts (greater than two years) with third parties that do not exceed the term of this authorization.

B. This LNG may be exported from any export port or terminal in the United States and its territories.

C. This LNG may be exported to Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore, and to any country with which the United States subsequently enters into a FTA requiring the national treatment for trade in natural gas, provided that the destination country has the capacity to import LNG. FTA countries are currently identified by DOE/FE at:

<http://www.fossil.energy.gov/programs/gasregulation/index.html>.

D. Argent Marine shall ensure that all transactions authorized by this Order are permitted and lawful under U.S. laws and policies, including the rules, regulations, orders, policies, and other determinations of the Office of Foreign Assets Control of the United States Department of the Treasury. Failure to comply with this requirement could result in rescission of this authorization and/or other civil or criminal remedies.

E. Argent Marine shall file, or cause others to file, with the Office of Oil and Gas Global Security and Supply all executed long-term contracts associated with the long-term export of LNG on its own behalf or as agent for other entities pursuant to this Order. Argent Marine shall file, or cause others to file, a non-redacted copy of each contract, for public posting.

Alternatively, Argent Marine shall file or cause others to file both a non-redacted copy of the contract filed under seal and either: i) a redacted version of the contract, or ii) major provisions

of the contract, for public posting, within 30 days of their execution. Applying the same procedures, Argent Marine also shall file, or cause others to file, with the Office of Oil and Gas Global Security and Supply all executed long-term contracts associated with the long-term supply of natural gas to the Trussville LNG facility pursuant to this Order. Argent Marine shall file or cause others to file a non-redacted copy of the contract for public posting. Alternatively, Argent Marine shall file, or cause others to file, both a non-redacted copy of the contract under seal, and either: i) a redacted version of the contract, or ii) major provisions of the contract, for public posting within 30 days of their execution. In these filings, Argent Marine shall show why the redacted or non-disclosed information should be exempted from public disclosure.

F. Argent Marine shall include, and require others for whom Argent Marine acts as agent to include, the following provision in any agreement or other contract for the sale or transfer of LNG exported pursuant to this Order:

“Customer or purchaser acknowledges and agrees that it will resell or transfer LNG purchased hereunder for delivery only to countries identified in Ordering Paragraph C of DOE/FE Order No. 3356, issued November 6, 2013 in FE Docket No. 13-105-LNG, and/or to purchasers that have agreed in writing to limit their direct or indirect resale or transfer of such LNG to such countries. Customer or purchaser further commits to cause a report to be provided to Argent Marine Management, Inc. that identifies the country of destination, upon delivery, into which the exported LNG was actually delivered, and to include in any resale contract for such LNG the necessary conditions to ensure that Argent Marine Management, Inc. is made aware of all such actual destination countries.”

G. Argent Marine is permitted to use its authorization in order to export LNG as agent for other entities, after registering the other parties with DOE/FE. Registration materials shall include an acknowledgement and agreement by the Registrant to supply Argent Marine with all

information necessary to permit Argent Marine to register that person or entity with DOE/FE, including: (1) the Registrant's agreement to comply with this Order and all applicable requirements of DOE/FE's regulations at 10 C.F.R. Part 590, including but not limited to destination restrictions; (2) the exact legal name of the Registrant, state/location of incorporation/registration, primary place of doing business, and the Registrant's ownership structure, including the ultimate parent entity if the Registrant is a subsidiary or affiliate of another entity; (3) the name, title, mailing address, e-mail address, and telephone number of a corporate officer or employee of the registrant to whom inquiries may be directed; (4) within 30 days of execution, a copy, of any long-term contracts, not previously filed with DOE/FE, described in Ordering paragraph (E) of this Order, including either a non-redacted copy for public posting, or alternatively both a non-redacted copy for filing under seal and either: i) a redacted version of the contract, or ii) major provisions of the contract, for public posting.

H. Each registration submitted pursuant to this Order shall have current information on file with DOE/FE. Any changes in company name, contact information, change in term of the long-term contract, termination of the long-term contract, or other relevant modification, shall be filed with DOE/FE within 30 days of such change(s).

I. As a condition of this authorization, Argent Marine shall ensure that all persons required by this Order to register with DOE/FE have done so. Any failure by Argent Marine to ensure that all such persons or entities are registered with DOE/FE shall be grounds for rescinding in whole or in part the authorization.

J. Within two weeks after the first export of domestically produced LNG occurs pursuant to this Order, Argent Marine shall provide written notification of the date that the first export of LNG authorized in Ordering Paragraph A above occurred.

L. Prior to any change in control of the authorization holder, Argent Marine must obtain the approval of the Assistant Secretary for Fossil Energy. For purposes of this Ordering Paragraph, a “change of control” shall include any change, directly or indirectly, of the power to direct the management or policies of Argent Marine, whether such power is exercised through one or more intermediary companies or pursuant to an agreement, written or oral, and whether such power is established through ownership or voting of securities, or common directors, officers, or stockholders, or voting trusts, holding trusts, or debt holdings, or contract, or any other direct or indirect means.

M. Monthly Reports: With respect to the LNG exports authorized by this Order, Argent Marine shall file with the Office of Oil and Gas Global Security and Supply, within 30 days following the last day of each calendar month, a report indicating whether exports of LNG have been made. The first monthly report required by this Order is due not later than the 30th day of the month following the month of first export. In subsequent months, if exports have not occurred, a report of “no activity” for that month must be filed. If exports of LNG have occurred, the report must give the following details of each LNG cargo: (1) the name(s) of the authorized exporter registered with DOE/FE; (2) the name of the U.S. export port terminal; (3) the name of the ocean going vessel; (4) the date of departure from the U.S. export port or terminal; (5) the country (or countries) of destination into which the exported LNG was actually delivered; (6) the name of the supplier/seller; (7) the delivered volume in Mcf; (8) the price at point of export in U.S. dollars per million British thermal units (MMBtu); (9) the name and location (city, state) of the facility where the ISO container is loaded with LNG; (10) the mode(s) of transport used to move the loaded ISO container from the loading facility to the export port or terminal; (11) the duration of the supply agreement (indicate spot sales); and (12) the name(s) of the purchaser(s).

(Approved by the Office of Management and Budget under OMB Control No. 1901-0294)

N. All monthly report filings shall be made to U.S. Department of Energy (FE-34), Office of Fossil Energy, Office of Oil and Gas Global Security and Supply, P.O. Box 44375, Washington, D.C. 20026-4375, Attention: Natural Gas Reports. Alternatively, reports may be e-mailed to ngreports@hq.doe.gov, or may be faxed to Natural Gas Reports at (202) 586-6050.

Issued in Washington, D.C., on November 6, 2013.

A handwritten signature in black ink, appearing to read "John A. Anderson", written over a horizontal line.

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