

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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FREEPORT LNG EXPANSION, L.P.,)	FE DOCKET NO. 10-160-LNG
FLNG LIQUEFACTION, LLC,)	FE DOCKET NO. 10-161-LNG
FLNG LIQUEFACTION 2, LLC, AND)	FE DOCKET NO. 11-161-LNG
FLNG LIQUEFACTION 3, LLC)	FE DOCKET NO. 12-06-LNG
_____)	

ORDER AMENDING APPLICATIONS IN DOCKET NOS. 10-160-LNG, 10-161-LNG, AND
12-06-LNG AND GRANTING REQUEST IN DOCKET NO. 11-161-LNG TO ADD
FLNG LIQUEFACTION 2, LLC AND FLNG LIQUEFACTION 3, LLC
AS APPLICANTS AND AUTHORIZATION HOLDERS

DOE/FE ORDER NO. 2913-A

DOE/FE ORDER NO. 3066-A

DOE/FE ORDER NO. 3282-A

FEBRUARY 7, 2014

BACKGROUND

Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC (FLEX) jointly filed applications with the Department of Energy, Office of Fossil Energy (DOE/FE), requesting long-term authorization to export liquefied natural gas on the dates specified below.¹ On September 19, 2013, FLEX filed an “Amendment and Supplement to Application” (Amendment) in FE Docket No. 11-161-LNG, in which it asked DOE/FE to amend and supplement FLEX’s application in that docket to add two new entities in the Freeport corporate family as applicants: FLNG Liquefaction 2, LLC and FLNG Liquefaction 3, LLC. In the Amendment, FLEX states that both FLNG Liquefaction 2, LLC and FLNG Liquefaction 3, LLC are wholly-owned subsidiaries of applicant Freeport LNG Expansion, L.P. (also called FLNG Expansion), and both are authorized to do business in the State of Texas. On the same date, FLEX filed a similar Amendment and Supplement in its three other long-term dockets, FE Docket Nos. 10-160-LNG, 10-161-LNG, and 12-06-LNG.²

On November 15, 2013, DOE/FE issued Order No. 3357 in FE Docket No. 11-161-LNG.³ In relevant part, DOE/FE granted FLEX’s Amendment to add FLNG Liquefaction 2, LLC and FLNG Liquefaction 3, LLC as applicants, but as to that docket only.⁴ DOE/FE also ordered that “all obligations arising under this conditional authorization apply equally to Freeport LNG Expansion, L.P., FLNG Liquefaction, LLC, FLNG Liquefaction 2, LLC, and FLNG

¹ Dec. 17, 2010 (FE Docket Nos. 10-160-LNG & 10-161-LNG), Dec. 19, 2011 (FE Docket No. 11-161-LNG), & Jan. 12, 2012 (FE Docket No. 12-06-LNG).

² FLEX filed its Amendments pursuant to DOE/FE’s regulations governing the amendment of applications, 10 C.F.R. § 590.204(a).

³ *Freeport LNG Expansion, L.P., et al.*, DOE/FE Order No. 3357, Order Conditionally Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel From the Freeport LNG Terminal on Quintana Island, Texas, to Non-Free Trade Agreement Nations (Nov. 15, 2013).

⁴ *See id.* at 169 (Ordering Para. Q). Additional detail about FLEX’s Amendment and these two new entities is provided in that order at 14-16.

Liquefaction 3, LLC.”⁵ DOE/FE did not rule on FLEX’s pending Amendment in its three other long-term dockets.

On December 16, 2013, the four FLEX entities—Freeport Expansion, L.P., FLNG Liquefaction, LLC, FLNG Liquefaction 2, LLC, and FLNG Liquefaction 3, LLC (collectively, FLEX)—filed a pleading in FE Docket No. 11-161-LNG only entitled, “Request for Clarification or Amendment of DOE/FE Order No. 3357 in DOE/FE Docket No. 11-161-LNG” (Request). In the Request, FLEX asked DOE/FE, among other things, to clarify Order No. 3357 by amending “[t]he applications and associated orders in the FLEX four long-term export dockets (DOE/FE Docket Nos. 10-160-LNG, 10-161-LNG, 12-06-LNG & 11-161-LNG and respectively DOE/FE Order Nos. 2913, 3066, 3282 & 3357) ... to add FLNG Liquefaction 2, LLC and FLNG Liquefaction 3, LLC as additional applicants.”⁶

On January 15, 2014, DOE/FE issued a tolling order in FE Docket No. 11-161-LNG entitled, “Order Granting Motion for Purposes of Further Consideration,” pursuant to 10 C.F.R. § 590.302(c). In that order, DOE/FE granted FLEX’s Request solely for purposes of further consideration, stating that the merits of the Request would be determined in a subsequent order.

As set forth below, this order grants the Amendment seeking to add FLNG Liquefaction 2, LLC and FLNG Liquefaction 3, LLC as additional applicants and authorization holders in the three remaining FLEX dockets, and grants FLEX’s related Request in FE Docket No. 11-161-LNG seeking clarification as to the addition of FLNG Liquefaction 2, LLC and FLNG Liquefaction 3, LLC. It does not address FLEX’s other grounds for its Request, which remain subject to DOE/FE’s tolling order.

⁵ *Id.* at 170 (Ordering Para. R).

⁶ Freeport LNG Expansion, L.P., et al., Request for Clarification or Amendment of DOE/FE Order No. 3357 in DOE/FE Docket No. 11-161-LNG, at 9 (Dec., 16, 2013); *see also id.* at 2-3, 8.

FINDINGS

FLNG Liquefaction 2, LLC and FLNG Liquefaction 3, LLC are wholly-owned subsidiaries of applicant and authorization holder Freeport LNG Expansion, L.P. The requested Amendment, if granted, will allow applicant and authorization holder FLNG Liquefaction, LLC (also called FLNG Liquefaction 1), to own the first liquefaction train in FLEX's proposed Liquefaction Project, and FLNG Liquefaction 2, LLC and FLNG Liquefaction 3, LLC to own the second and third liquefaction trains, respectively, as separate legal entities.

FLEX states that, upon completion of the Liquefaction Project, the three liquefaction trains will be integrated with the existing regasification and import facility at the Freeport Terminal, such that the Liquefaction Project will be operated by Freeport LNG Expansion, L.P. as a single integrated LNG facility.

No party has filed in opposition to the requested Amendment.

ORDER

Pursuant to section 3 of the Natural Gas Act, 15 U.S.C. § 717b, it is ordered that:

A. FLEX's Amendment and Supplement is granted, solely as to the amendment of the applicant names in FE Docket Nos. 10-160-LNG, 10-161-LNG, and 12-06-LNG. FLEX's Request in FE Docket No. 11-161-LNG is also granted solely as to those amendments. FLNG Liquefaction 2, LLC and FLNG Liquefaction 3, LLC are now named applicants and authorization holders in FE Docket Nos. 10-160-LNG, 10-161-LNG, and 12-06-LNG (as well as in FE Docket No. 11-161-LNG, as previously granted in DOE/FE Order No. 3357).

B. All obligations arising under DOE/FE Order Nos. 2913, 3066, 3282, and any future DOE/FE authorizations granted to FLEX in FE Docket Nos. 10-160-LNG, 10-161-LNG, and 12-06-LNG, whether conditional or final, apply equally to Freeport LNG Expansion, L.P., FLNG

Liquefaction, LLC, FLNG Liquefaction 2, LLC, and FLNG Liquefaction 3, LLC.

Issued in Washington, D.C., on February 7, 2014.

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

John A. Anderson
Director, Natural Gas Regulatory Activities Division
Office of Oil and Gas Global Security and Supply
Office of Oil and Natural Gas