

May 3, 2012

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



**Re: In the Matter of LNG Development Company, LLC (d/b/a Oregon LNG)
FE Docket No. 12-48-LNG
Application For Long-Term Authorization to Export Liquefied Natural
Gas to Free Trade Nations**

Dear Mr. Anderson:

Enclosed for filing on behalf of LNG Development Company, LLC (d/b/a Oregon LNG) ("Oregon LNG"), please find an original and fifteen (15) copies of Oregon LNG's application for long-term, multi-contract authorization to engage in exports of up to 9.6 million metric tons per annum of liquefied natural gas ("LNG"), which is the equivalent of approximately 456.25 billion cubic feet per year of natural gas. Oregon LNG is seeking authorization for a 30-year term commencing on the earlier of the date of first export or ten years from the date authorization is issued. Oregon LNG proposes to export LNG from its proposed LNG terminal site in Warrenton, Clatsop County, Oregon, to any nation that currently has or develops the capacity to import LNG and with which the United States currently has, or in the future enters into, a Free Trade Agreement requiring the national treatment for trade in natural gas and LNG.¹

¹ A check in the amount of \$50.00 is enclosed as the filing fee stipulated by 10 C.F.R. § 590.207 (2011).

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Should you have any questions about the foregoing, please feel free to contact the undersigned at (212) 318-3009.

Respectfully submitted,



Lisa M. Toney

Tania S. Perez

Attorneys for

LNG Development Company, LLC

(d/b/a Oregon LNG)

ORIGINAL

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY



In The Matter Of:)
LNG DEVELOPMENT COMPANY, LLC)
(b/d/a OREGON LNG))

Docket No. 12-48 LNG

**APPLICATION FOR LONG-TERM AUTHORIZATION
TO EXPORT LIQUEFIED NATURAL GAS
TO FREE TRADE NATIONS**

Pursuant to Section 3 of the Natural Gas Act (“NGA”), 15 U.S.C. §717b, and Part 590 of the Department of Energy’s (“DOE”) regulations, 10 C.F.R. Part 590 (2011), LNG Development Company, LLC (d/b/a Oregon LNG) (“Oregon LNG”) hereby requests that DOE, Office of Fossil Energy (“FE”), issue an order granting Oregon LNG long-term, multi-contract authorization to engage in exports of up to 9.6 million metric tons per annum (“mtpa”), of liquefied natural gas (“LNG”), which is the equivalent of approximately 456.25 billion cubic feet per year (“Bcf/year”) of natural gas, for a 30-year term. Oregon LNG is seeking authorization, commencing on the earlier of the date of first export or ten years from the date authorization is issued, to export LNG volumes to any nation that currently has or develops the capacity to import LNG and with which the United States currently has, or in the future enters into, a Free Trade Agreement requiring the national treatment for trade in natural gas and LNG.¹

This application for export authorization is the first half of Oregon LNG’s two-phased export authorization request. Oregon LNG will file a separate application in the near term with DOE/FE for authorization to export LNG to those countries with which a Free Trade Agreement requiring the national treatment for trade in natural gas and LNG is not in effect and to which the export of LNG by vessel is not prohibited by U.S. law or policy. Pursuant to the Energy Policy

¹ Currently, the countries that have Free Trade Agreements with the U.S. include: Australia, Bahrain, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Chile, Morocco, Canada, Mexico, Oman, Peru, Singapore, Korea and Jordan.

Act of 1992, which amended Section 3 of the Natural Gas Act, applications, such as this one, to export LNG to nations with which the United States has a Free Trade Agreement are deemed to be in the public interest and must be granted without modification or delay,² whereas applications for export authorization to non-Free Trade Agreement countries are subject to an extensive public interest review and analysis by DOE/FE to determine whether such applications are not deemed consistent with the public interest. Notably, there is a rebuttable presumption favoring the grant of export authorization. In order to overcome this presumption, opponents of an export license must make an affirmative showing of inconsistency with the public interest.³

Oregon LNG is seeking this two-phased export authorization in conjunction with the development of the Oregon LNG Bi-Directional Project (or “Project”).⁴ The Oregon LNG Bi-Directional Project is being developed primarily to liquefy Canadian-sourced supplies of natural gas, and to a lesser extent supplies that may be domestically produced, for export to foreign markets. The Oregon LNG Bi-Directional Project will be connected to an approximately 86-mile-long interstate pipeline being developed by Oregon Pipeline, which will in turn connect to the interstate natural gas transmission system of Williams Northwest Pipeline Company (“Williams”). Through its connection with the Williams system, Oregon LNG and its customers

² See 15 U.S.C. §717b (2006).

³ See *Panhandle Producers and Royalty Owners Association v. ERA*, 822 F.2d 1105, 1111 (DC Cir. 1987).

⁴ The Oregon LNG Bi-Directional Project is the result of the improved outlook for North American natural gas production that is evidenced by the rapid growth in supplies in the U.S. and Canada. The Project is comprised of Oregon LNG’s proposed LNG import terminal and natural gas pipeline projects that currently are pending before the Federal Energy Regulatory Commission (“Commission”) in Docket Nos. CP09-6-000 and CP09-7-000, respectively, and Oregon LNG’s newly proposed LNG Export Project. The LNG Export Project will add liquefaction capability to Oregon LNG’s pending import project, transforming it into a bi-directional facility capable of liquefying natural gas for export, in addition to regasifying imported foreign-sourced LNG. Oregon LNG, along with its affiliate, Oregon Pipeline Company (“Oregon Pipeline”) intend to request authorization from the Director of the Office of Energy Projects of the Commission to commence the Commission’s mandatory National Environmental Policy Act (“NEPA”) pre-filing review process for the LNG Export Project in the near term. Upon completion of the Commission’s NEPA pre-filing review process, Oregon LNG and Oregon Pipeline will submit an application to amend the currently pending application in Docket Nos. CP09-6-000 and CP09-7-000 and request authorization for the Oregon LNG Bi-Directional Project. When completed, the Project will be capable of processing an average of approximately 1.3 Bcf/day of pipeline-quality natural gas (including fuel and inerts) in the liquefaction mode and 0.5 Bcf/day in the vaporization mode. The potential environmental impact of the Oregon LNG Bi-Directional Project will be reviewed by the Commission in conjunction with those proceedings.

will be able to purchase gas for export from multiple supply sources, including British Columbia, Alberta and Rocky Mountain Basins.

I.
COMPANY INFORMATION

The exact legal name of Oregon LNG is LNG Development Company, LLC. Oregon LNG has its principal place of business in Warrenton, Oregon and is headquartered at 8100 NE Parkway Drive, Suite 165, Vancouver, Washington 98662. Its telephone number is (503) 298-4967, and fax number is (360) 882-7554.

II.
REQUESTED AUTHORIZATION

Oregon LNG requests multi-contract authorization to export up to 9.6 mtpa of LNG, which is the equivalent of approximately 456.25 Bcf/year of natural gas, by vessel to any nation with which the United States currently has, or in the future enters into, a Free Trade Agreement requiring the national treatment for trade in natural gas and LNG, for a 30-year term. Oregon LNG requests that such authorization commence on the date of first export, with such first export to occur no later than ten years following issuance of the authorization requested herein. Oregon LNG is requesting this authorization in order to act on its own behalf and as agent for third parties.⁵

Oregon LNG will file the long-term export contracts that are the subject of the authorization requested herein following execution of such agreements, which has yet to occur. The gas supply underlying these long-term contracts will come from the British Columbia, Alberta and Rocky Mountain Basins through the Project's connection to the William's interstate

⁵ DOE/FE addressed the issue of agency rights in *Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC*, DOE/FE Order No. 2913 (2011) ("Order No. 2913"). Consistent with the procedures established in Order No. 2913, Oregon LNG agrees to register, with DOE/FE, each LNG title holder on whose behalf it seeks to export LNG. Per Order No. 2913, the registration will include a written statement by the title holder acknowledging and agreeing to comply with all applicable requirements included in Oregon LNG's export authorization and to include those requirements in any subsequent purchase or sale agreement entered into for the exported LNG by that title holder.

pipeline system. This supply can be sourced in large volumes in the spot markets or pursuant to long-term-arrangements, for the account of Oregon LNG or third party customers. Given the large size of the supply in the British Columbia, Alberta and Rocky Mountain Basins, and the well documented continuous increase in production in other North American unconventional gas fields, the proposed exports are not anticipated to have any meaningful impact on the availability of natural gas to the Pacific Northwest region.

As noted above, this application is submitted pursuant to the Energy Policy Act of 1992's standard requiring the grant of the application without modification or delay. Under this standard, the export of natural gas and LNG to nations with which a Free Trade Agreement is in effect requiring the national treatment for trade in natural gas and LNG is deemed to be in the public interest. DOE/FE has consistently found that in light of its statutory obligation there is no need for it to engage in an analysis of factors affecting the public interest in acting on such applications. In this regard, in *Jordan Cove Energy Project, L.P.*, DOE/FE Order No. 3041 (Dec. 7, 2011), DOE/FE noted that its authority under NGA Section 3(c), as amended by the Energy Policy Act of 1992, is limited to two areas: "(1) to ensure that applications are filed with sufficient information to confirm that the applicant is engaged in a meaningful (*i.e.*, not frivolous) effort to undertake natural gas export or import activities, and (2) to provide in any order granting a section 3(c) application that the applicant will report its export or import activities in sufficient detail to enable DOE to monitor import and export activities."⁶

For the foregoing reasons, Oregon LNG respectfully requests that it be granted authorization, beginning on the date of first export, which is to occur no later than ten years following the issuance of DOE/FE's grant of this request, to export up to 9.6 mtpa of LNG, which is the equivalent of approximately 456.25 Bcf/year of natural gas, to any nation that

⁶ *Jordan Cove Energy Project, L.P.*, DOE/FE Order No. 3041 at pp. 8-9 (Dec. 7, 2011).

currently has or develops the capacity to import LNG and with which the United States currently has, or in the future enters into, a Free Trade Agreement requiring the national treatment for trade in natural gas and LNG, for a 30-year term.

III.
APPLICANT CONTACT INFORMATION

All correspondence and communications concerning this application, including all service of pleadings and notices, should be directed to the following persons:

Peter Hansen
Oregon LNG
8100 NE Parkway Drive
Suite 165
Vancouver, WA 98662
Telephone: (503) 298-4967
Facsimile: (360) 882-7554
Email: peterh@oregonlng.com

Lisa M. Tonery
Tania S. Perez
Fulbright & Jaworski L.L.P.
666 Fifth Avenue
New York, NY 10103
Telephone: (212) 318-3009
Facsimile: (212) 318-3400
Email: ltonery@fulbright.com
Email: tperez@fulbright.com

Pursuant to Section 590.103(a) of the DOE regulations, 10 C.F.R. §590.103(a) (2011), Oregon LNG hereby certifies that the persons listed above and the undersigned are the duly authorized representatives of Oregon LNG.

IV.
REPORT CONTACT (MONTHLY REPORTS) INFORMATION

The report contact is as follows:

Peter Hansen
Oregon LNG
8100 NE Parkway Drive
Suite 165
Vancouver, WA 98662
Telephone: (503) 298-4967
Facsimile: (360) 882-7554
Email: peterh@oregonlng.com

V.
MISCELLANEOUS

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

The \$50.00 application fee is submitted herewith along with a signed Opinion of Counsel.

VI.
CONCLUSION

For the foregoing reasons, Oregon LNG respectfully requests that DOE/FE grant it multi-contract authorization to export up to 9.6 mtpa of LNG, which is the equivalent of approximately 456.25 Bcf/year of natural gas, for a 30-year term commencing the date of first export, with such first export to occur no later than ten years following issuance of the authorization requested herein, on an expedited basis in accordance with the standard established by the NGA, as amended by the Energy Policy Act of 1992.

Respectfully submitted,



Lisa M. Tonery
Tania S. Perez
Attorneys for
LNG Development Company, LLC
(d/b/a Oregon LNG)

Dated: May 3, 2012

VERIFICATION

State of Washington)

County of Clark)

BEFORE ME, the undersigned authority, on this day personally appeared Peter Hansen, who, having been by me first duly sworn, on oath says that he is the Chief Executive Officer for LNG Development Company, L.P. (d/b/a Oregon 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.



Peter Hansen

SWORN TO AND SUBSCRIBED before me on the 1 day of MAY, 2012.



Name: Kevin Coad

Title: Notary Public

My Commission expires:

JULY 21, 2014





Suite 2400
1300 SW Fifth Avenue
Portland, OR 97201-5610

Bill Miller
503.778.5304 tel
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billmiller@dwt.com

May 3, 2012

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

**Re: In the Matter of LNG Development Company, LLC (d/b/a Oregon LNG)
FE Docket No. 12-__-LNG
Application For Long-Term Authorization to Export Liquefied Natural
Gas to Free Trade Nations
Opinion of Counsel**

Dear Sir or Madam:

We have acted as special counsel to LNG Development Company, LLC (“Oregon LNG”), a Delaware limited liability company. Oregon LNG seeks authorization by filing an application with the Office of The Assistant Secretary for Fossil Energy (the “Application”) to export liquefied natural gas (“LNG”) from its proposed LNG terminal site in Warrenton, Clatsop County, Oregon, to any nation that currently has or develops the capacity to import LNG and with which the United States currently has, or in the future enters into, a Free Trade Agreement requiring the national treatment for trade in natural gas and LNG (the “Proposed Exportation”). This opinion of legal counsel is provided to you 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) (2011).

The law covered by the opinions expressed herein is limited to the laws of the State of Oregon and the Limited Liability Company Act of the State of Delaware. This opinion of legal counsel is to be interpreted in accordance with customary practice as to the matters addressed, the meaning of the language used and the scope and nature of the work we have performed.

Anchorage
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San Francisco

Seattle
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Washington, D.C.

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A. Documents and Matters Examined

In connection with this opinion of legal counsel, we have examined originals, or copies certified or otherwise identified to our satisfaction, of such documents, records, certificates and statements of government officials, officers and other representatives of the persons referred to therein, and such other documents as we have deemed relevant or necessary as the basis for the opinions herein expressed, including the following:

A-1 Certificate of Chief Executive Officer, including the following exhibits to the Certificate of Chief Executive Officer: a) Certificate of Formation and b) Amended and Restated Limited Liability Company Agreement (together, the "Organizational Documents").

A-2 Certificate of Existence for LNG Development Company, LLC, issued by the Delaware Secretary of State on May 2, 2012.

A-3 Certificate of Authority to Transact Business for LNG Development Company, LLC, issued by the Oregon Secretary of State on May 2, 2012.

B. Assumptions

For purposes of this opinion of legal counsel, we have relied on the following assumptions:

B-1 Nothing in the minutes of Oregon LNG or in any other limited liability company records of Oregon LNG is inconsistent with the Organizational Documents.

C. Opinions

Based on the foregoing examinations and assumptions and subject to the qualifications and exclusions stated below, we are of the opinion that:

C-1 Oregon LNG is a limited liability company duly formed and validly existing under Delaware law and is duly qualified to do business as a foreign limited liability company in Oregon.

C-2 The Proposed Exportation is within the limited liability company powers of Oregon LNG.

D. Qualifications

The opinions set forth herein are subject to the following qualifications:

D-1 The effect of bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent transfer and other similar laws affecting the rights and remedies of creditors generally, and the effect of general principles of equity, whether applied by a court of law or equity.

E. Exclusions

We express no opinion as to the following:

E-1 Whether any governmental permits, approvals, authorizations or filings are required in connection with the Proposed Exportation or as to the effect on the Proposed Exportation in the event any such required permits, approvals, authorizations or filings are not made or obtained.

This opinion of legal counsel is delivered as of its date and without any undertaking to advise you of any changes of law or fact that occur after the date of this opinion of legal counsel even though the changes may affect the legal analysis, a legal conclusion or information confirmed in this opinion of legal counsel.

This opinion of legal counsel is rendered only to you and is solely for your benefit in connection with the transaction contemplated by the Loan Documents. This opinion of legal counsel may not be used or relied on for any other purpose or by any other person without our prior written consent.

Respectfully submitted,

Davis Wright Tremaine LLP