



## Department of Energy

Washington, DC 20585

October 4, 2012

Mr. William M. Walker  
Ms. Lindsay W. Hobson  
Walker Richards, LLC  
General Counsel  
Alaska Gasline Port Authority  
731 N. St.  
Anchorage, AK 99501

RE: Finding of Application in FE Docket No. 12-75-LNG to be Deficient

Dear Mr. Walker and Ms. Hobson,

On July 12, 2012, Alaska Gasline Port Authority (AGPA) 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)<sup>1</sup> for long-term, multi-contract authorization, to export liquefied natural gas (LNG) in an amount up to the equivalent of approximately 2.5 billion cubic feet per (Bcf) per day (Bcf/d) of natural gas from a proposed LNG Terminal in Valdez, Alaska, for a 25-year term. AGPA seeks to export LNG by vessel to any nation with which the United States currently has, or in the future will have, a Free Trade Agreement (FTA) requiring the national treatment for trade in natural gas, and that currently has, or in the future develops, the capacity to import LNG via ocean-going carriers.

AGPA states that this request for authorization is part of a project to develop, own, and operate liquefaction facilities and an LNG Terminal in Port Valdez, Alaska. AGPA

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<sup>1</sup> 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. 00-002.04E issued on April 29, 2011.



asserts that the project initially contemplated an 800-mile gas pipeline from the North Slope adjacent to the existing Trans Alaska Oil Pipeline (TAPS) to tidewater at Port Valdez. However, under the Alaska Gasline Inducement Act (AGIA), it is anticipated that facilities upstream of the Terminal will be constructed by the AGIA licensee, TransCanada Alaska Company, LLC and Foothills Pipe Lines Ltd., and its project partners.

AGPA further states that this proposed LNG Terminal will be similar to one that was proposed by the Yukon Pacific Corporation in 1987<sup>2</sup> and that the Federal Energy Regulatory Commission (FERC) would have jurisdiction with respect to the siting, construction, and operation of the LNG Terminal facilities. AGPA states that as soon as is practicable, it will begin the National Environmental Policy Act pre-filing process with FERC and that the grant of this Application is a necessary precursor to such a filing.

The application identifies several potential sites for the LNG Terminal in Port Valdez, one being the use of floating liquefaction facilities in the waters of Port Valdez. AGPA states that the source of the natural gas to be liquefied will come from Alaska's North Slope, and that there is presently aggressive oil and gas exploration efforts offshore of Alaska's North Slope, with a high expectation that there will be large volume discoveries of natural gas. AGPA states that the natural gas would then be transported by pipeline to the AGPA LNG Terminal

DOE/FE has reviewed the AGPA application and finds that the application presently lacks information required by 10 C.F.R. § 590.202 ("Contents of applications"). Subsections 590.202(b)(1) and 590.202(b)(2) requires the applicant to identify the "source

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<sup>2</sup> *Yukon Pacific Corporation*, DOE/FE Opinion and Order No. 350 (FE Docket No. 87-68-LNG), November 16, 1989.

and security of the natural gas supply to be imported or exported” and also “the facilities to be utilized or constructed.” However, APGA’s application demonstrates the following:

- No pipeline exists, nor has AGPA demonstrated a commitment by any capable party for the construction of a pipeline for the transportation of natural gas from the North Slope to Valdez, Alaska.
- AGPA has not demonstrated a source of supply of natural gas through a commitment, such as a contract, memorandum of understanding, letter of intent, or other agreement with producers of natural gas on the North Slope of Alaska. While DOE/FE has accepted applications to export LNG by vessel from applicants that lacked executed supply contracts, in all of those cases applicants have demonstrated that gas supplies for the proposed export would be drawn from known producing fields; that pipeline transportation capacity already existed or would be added in the project scope, subject where necessary to the negotiation of binding transportation contracts; and that the applicants had settled on specific locations for the proposed liquefaction facilities and had secured at least a letter of intent or memorandum of understanding affording them access to and use of the property where the liquefaction facilities were to be constructed. By contrast, in the present case, the applicant has presented none of these essential pieces of information.
- AGPA has not settled on a location for the LNG liquefaction facility or demonstrated that it has entered into a memorandum of understanding, letter of intent, or other agreement to secure title in or a long term lease of the property where such a facility would be located.

To avoid a dismissal of the application pursuant to 10 C.F.R. § 590.203, please provide the information required by 10 C.F.R. § 590.202(b)(1) and 10 C.F.R. § 590.202(b)(2) within 90 days of today's date. Any dismissal under 10 C.F.R. § 590.203 would be without prejudice and you would be free to refile at a future time.

Should you have any questions, please contact me.

A handwritten signature in black ink, appearing to read "John A. Anderson", with a long horizontal flourish extending to the right.

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