

[6450-01-P]

DEPARTMENT OF ENERGY

[FE Docket No. 12-113-LNG]

Chevron U.S.A. Inc.; 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 September 10, 2012, by Chevron U.S.A. Inc. (Chevron), requesting blanket authorization to export liquefied natural gas (LNG) that previously had been imported into the United States from foreign sources in an amount up to the equivalent of 72 billion cubic feet (Bcf) of natural gas on a short-term or spot market basis for a two-year period commencing on December 8, 2012¹. The LNG would be exported from the Sabine Pass LNG Terminal owned by Sabine Pass LNG, L.P., in Cameron Parish, Louisiana 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. 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.

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**

¹ *Chevron U.S.A. Inc.*'s, current blanket authorization to export previously imported LNG granted in DOE/FE Order No. 2888 (December 8, 2010) extends through December 7, 2012.

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:

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

Chevron is a Pennsylvania corporation with its principal place of business in San Ramon, California. Chevron Global Gas is a division of Chevron that engages in the global business of marketing and trading LNG. Chevron has contracted for 1.0 Bcf/day of terminal capacity from Sabine Pass LNG L.P. for an initial term of twenty years that commenced in November 2004 with the option to extend the term for a period of twenty years. On June 22, 2012, DOE/FE Order No.

3113 granted Chevron blanket authorization to import LNG up to the equivalent of 800 Bcf of natural gas from various international sources for a two year period beginning on August 1, 2012. Under the terms of the blanket authorization, LNG may be imported at any LNG receiving facility in the United States and its territories.

Current Application

In the instant Application, Chevron requests blanket authorization to export previously imported LNG to which Chevron holds title on a short-term or spot market basis in an amount up to the equivalent of 72 Bcf of natural gas, on a cumulative basis, over a two-year period beginning on December 8, 2012. Chevron 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. Chevron states that it does not seek authorization to export domestically-produced natural gas or LNG.

The blanket export authorization requested by Chevron would be applicable to exports from the Sabine Pass LNG Terminal, owned by Sabine Pass LNG, L.P. in Cameron Parish, Louisiana. Chevron states that DOE/FE has issued a number of blanket authorizations to export previously-imported LNG, including the recently granted authorization for such re-exports from this terminal to Cheniere Marketing LLC in DOE/FE Order No. 3102 granted on June 7, 2012. Chevron states that there are no other proceedings related to this Application currently pending before the DOE or any other federal agency.

Chevron states that the request to export previously imported LNG is based on its desire to optimize the long-term capacity it has contracted for at the Sabine Pass LNG Terminal by responding effectively to periodic changes in domestic and world markets for natural gas and LNG. More specifically, Chevron asserts it desires the option to either export previously imported LNG

to other world markets, or regasify the imported LNG for sale in domestic markets. Chevron states that it would base any decision related to the sale of imported LNG on prevailing market conditions. Chevron asserts that it does not intend to export any LNG when market conditions dictate that the LNG be used to meet domestic needs.

Public Interest Considerations

In support of its Application, Chevron states that pursuant to section 3 of the NGA, DOE/FE must authorize natural gas exports to a foreign country unless there is a finding that such exports “will not be consistent with the public interest.”² Chevron states that section 3 thus creates a statutory presumption in favor of a properly framed export application.³ Chevron states further that the public interest determination is guided by DOE Delegation Order No. 0204-111, which “focuses primarily on domestic need for the gas to be exported, as described in the Secretary’s natural gas policy guidelines”.⁴

As detailed in the Application, Chevron states the blanket export authorization requested by Chevron satisfies the public interest standard for the following reasons. Chevron states that there is no domestic reliance on the imported LNG that Chevron would export pursuant to the blanket authorization requested in the Application. Specifically, Chevron states that the in DOE/FE Order No. 3102⁵ DOE/FE took administrative notice that recent data and analysis shows domestic natural gas production has increased significantly over the last several years, due to improved drilling technologies, and the ability to produce natural gas trapped in shale gas geologic formations. Chevron asserts that granting the blanket export authorization would encourage the importation of

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

³ *Phillips Alaska Natural Gas Corp. and Marathon Oil Co.*, DOE/FE Order No. 1473 (2 FE ¶ 70,317) at 13 (April 2, 1999), citing *Panhandle Producers and Royalty Owners Association v. ERA*, 822 F.2d 1105, 1111 (DC Cir. 1987)

⁴ *Cheniere Marketing, LLC*, Order Granting Blanket Authorization to Export Previously Imported Liquefied Natural Gas by Vessel, DOE/FE Order No. 3102 (FE Docket No. 12-36-LNG) at 5 (June 7, 2012).

⁵ *Id*

LNG into the United States by providing Chevron the option, based on prevailing market conditions, to either export previously imported LNG to other world markets or regassify the LNG for sale in domestic markets. Chevron asserts that the authorization would encourage Chevron to purchase spot market LNG cargoes for import into the United States, and would make more gas available to the domestic market if it were needed. Finally, Chevron states that granting the blanket export authorization would not reduce domestically –produced natural gas supplies because it is not seeking to export domestically-produced natural gas supplies.

Environmental Impact

Chevron states that no modifications to the Sabine Pass LNG Terminal are required to enable the proposed exports of LNG. Chevron asserts that consequently, granting this Application would not be a federal action significantly affecting the human environment under the National Environmental Policy Act (NEPA), 42 U.S.C. 4321 *et seq.*

DOE/FE Evaluation

This export Application will be reviewed pursuant to section 3 of the NGA, as amended, 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 LNG export Application, DOE will consider domestic need for the 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. Parties that may oppose this Application should comment in their responses on these issues.

The National Environmental Policy Act (NEPA), 42 U.S.C. § 4321 *et seq.*, 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 CFR part 590.

Filings may be submitted using one of the following methods: (1) e-mailing the filing to fergas@hq.doe.gov, with FE Docket No. 12-113-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.

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 CFR 590.316.

The Application filed by Chevron is available for inspection and copying in the Office of Natural Gas Regulatory Activities docket 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 October 31, 2012.



Robert F. Corbin,
Director, Office of Oil and Gas Global Security and Supply
Office of Fossil Energy