

[6450-01-P]

DEPARTMENT OF ENERGY

[FE Docket No. 13-153-LNG]

Waller LNG Services, LLC (d/b/a Waller Point LNG); Application for Long-Term Authorization to Export Liquefied Natural Gas Produced from Domestic Natural Gas Resources to Non-Free Trade Agreement Countries for a 25-Year Period

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 November 26, 2013, by Waller LNG Services, LLC (d/b/a Waller Point LNG) (Waller Point), requesting long-term, multi-contract authorization to export liquefied natural gas (LNG) produced from domestic sources in a volume up to 1.5 million metric tons per year (mtpa), which Waller Point states is equivalent to approximately 70 billion cubic feet per year (Bcf/yr) of natural gas, or 0.19 Bcf per day (Bcf/d).¹ Waller Point seeks authorization to export the LNG from the proposed Waller Point LNG Terminal (the Terminal), to be located in the Calcasieu Ship Channel in Cameron Parish, Louisiana, for a 25-year term commencing on the earlier of the date of first export or five years from the date the authorization is granted. Waller Point requests authorization to export the LNG by vessel to any country with which the United States does not have a free trade agreement (FTA) requiring national treatment for trade in natural gas (non-FTA countries), and with which trade is not prohibited by U.S. law or policy. Waller Point requests this authorization on its own behalf and as agent for other parties who hold title to the LNG at the time of export. The Application was filed under section 3 of the

¹ Applicants are required to provide volumes of natural gas in Bcf, 10 C.F.R. § 590.202(b)(1), and therefore DOE/FE will address Waller Point's requested authorization in Bcf/yr below.

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 Comment Procedures** section no later than 4:30 p.m., Eastern time, **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES:

Electronic Filing by email:

fergas@hq.doe.gov

Regular Mail

U.S. Department of Energy (FE-34)
Office of Oil and Gas Global Security and Supply
Office of Fossil Energy
P.O. Box 44375
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Hand Delivery or Private Delivery Services (e.g., FedEx, UPS, etc.)

U.S. Department of Energy (FE-34)
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FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION:

Background

Applicant. Waller Point is a Texas limited liability company authorized to transact business in Louisiana. Waller Point states that its principal business address and registered office is in New Orleans, Louisiana, and its principal registered address is in Houston, Texas. Waller Point is a wholly owned subsidiary of Waller Energy Holdings, LLC, a Texas limited liability company. Waller Energy Holdings, LLC is a wholly owned subsidiary of Waller Liquefaction, L.P., a Texas limited partnership. The General Partner of Waller Liquefaction, L.P. is Waller LNG GP, LLC, a Texas limited liability company wholly owned by Waller Marine, Inc. (Waller Marine), a Texas corporation. Waller Marine is the developer of the Waller Point LNG Terminal, and is involved in developing LNG terminals and LNG storage and transportation vessels.

Procedural History. On October 12, 2012, in FE Docket No. 12-152-LNG, Waller Point filed an application proposing to export LNG to countries with which the United States currently has, or in the future enters into, a free trade agreement requiring national treatment for trade in natural gas (FTA countries). On December 20, 2012, in Order No. 3211, DOE/FE authorized Waller Point to export domestically produced LNG by vessel from the proposed Waller Point LNG

Terminal to FTA countries in a volume equivalent to 58.4 Bcf/yr of natural gas (0.16 Bcf/d) for a 25-year term.²

Liquefaction Project. Waller Point seeks long-term authorization to export domestically produced LNG from the proposed Waller Point LNG Terminal. Waller Point states that it is taking steps to build natural gas processing and liquefaction facilities to receive and liquefy domestic natural gas at the Terminal. Waller Point further states that it has secured, via long-term ground leases, a site of approximately 180 acres of land located at the Gulf of Mexico entrance point of the Calcasieu Ship Channel in Cameron Parish, Louisiana.³

According to Waller Point, the proposed Terminal will consist of liquefaction units capable of producing LNG up to a total export capacity of 2.75 mtpa, of which up to 1.5 mtpa of LNG (the equivalent of approximately 70 Bcf/yr of natural gas) will be exported to non-FTA countries if the authorization subject to this Notice is granted. The Terminal also will consist of: (i) berthing and accommodations for multiple LNG vessels, as well as unloading facilities and other features; (ii) a LNG storage facility having storage capacity up to 60,000 cubic meters; and (iii) associated utilities, infrastructure, and support systems.

Waller Point states that, once the Terminal facilities are constructed and operational, the Terminal will receive natural gas by pipeline. The Terminal will be capable of natural gas treatment, liquefaction, and export by direct transfer into off-taking LNG barges or by transfer from the Terminal's storage tanks into off-taking LNG barges berthed along the marine facilities in the Calcasieu Ship Channel.

² *Waller LNG Services, LLC (d/b/a Waller Point LNG)*, DOE/FE Order No. 3211, FE Docket No. 12-152-LNG, Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed Waller Point LNG Terminal in Cameron Parish, Louisiana, to Free Trade Agreement Nations (Dec. 20, 2012).

³ Waller Point states that the site continues north for approximately 3,900 feet alongside the western side of the Ship Channel, and includes all of Irregular Section 29 and part of Irregular Section 30, Township 15 South, Range 10 West of the Louisiana Meridian.

Current Application

Waller Point requests long-term, multi-contract authorization to export LNG in a volume equivalent to approximately 70 Bcf/yr of domestic natural gas (0.19 Bcf/d) from the proposed Waller Point LNG Terminal to any non-FTA country which has developed or in the future develops the capacity to import LNG, and with which trade is not prohibited by U.S. law or policy. Waller Point requests this authorization for a 25-year term commencing on the earlier of the date of first export or five years from the date the requested authorization is granted.

Waller Point states that it seeks to export the requested LNG on its own behalf and as agent for others. Waller Point states that it will comply with all DOE/FE requirements for exporters and agents as set forth in recent DOE/FE orders, including registering each LNG title holder for whom Waller Point seeks to export as agent. Waller Point proposes that this registration include a written statement by the title holder acknowledging and agreeing to comply with all applicable requirements included by DOE/FE in Waller Point's export authorization, and to include those requirements in any subsequent purchase or sale agreement entered into by the title holder. In addition, Waller Point states that it will file under seal with DOE any relevant long-term commercial agreements between Waller Point and the LNG title holder, once those agreements have been executed.

Waller Point further states that it has not yet executed any long-term agreements or long-term export contracts, but is engaged in commercial discussions with foreign off-takers to obtain all of the available liquefaction capacity at the Waller Point LNG Terminal. Citing DOE/FE precedent, Walker Point states that applicants are not required to submit transaction-specific information with their applications, but may submit such information when the contracts reflecting such information are executed. Waller Point states that DOE/FE has previously found that this

commitment conforms to the requirements of 10 C.F.R. § 590.202(b), which calls upon applicants to supply transaction specific information “to the extent practicable.”

Waller Point anticipates that either it, Waller Marine (the developer of the Terminal), or individual customers who hold title to natural gas (via a liquefaction tolling agreement) will bear the responsibility for sourcing gas supplies for delivery to the Terminal. Waller Point states that, through Waller Marine, it will commence negotiations with certain natural gas suppliers for transportation capacity and the required lateral pipeline to be constructed, once commercial discussions between those suppliers and Waller Point progress.

Waller Point proposes to source natural gas to be used as feedstock for LNG production from the interstate and intrastate grid, at points of interconnection with other pipelines and points of liquidity both upstream and downstream of the pipeline. Waller Point anticipates that the Terminal will be connected to multiple interstate and Louisiana intrastate pipelines, which will enable it to purchase natural gas from conventional and unconventional basins across the region, state, and from virtually anywhere in the nation. Waller Point states that the gas supply can be sourced in requisite volumes in the spot market or pursued under long-term arrangements.

Public Interest Considerations

Waller Point contends that the proposed exports from the Waller Point LNG Terminal to non-FTA countries are consistent with the public interest under section 3(a) of the NGA, 15 U.S.C. § 717b(a). Waller Point states that it is seeking to export relatively small volumes of LNG, particularly when compared to similar non-FTA export applications recently approved and pending before DOE/FE. Waller Point states that the export of smaller volumes of LNG has become economically and technically feasible in recent years due to: (i) the increasing domestic supply of natural gas, and (ii) the development of Waller Marine’s patent-pending articulated tug and barge

LNG regasification vessel arrangement. Waller Point asserts that the export of these smaller volumes of natural gas, including its proposed exports, will not have a significant impact on domestic supply, and will fulfill a need that is not otherwise being met in the domestic or international marketplace.

In support of its Application, Waller Point addresses: (i) the domestic need for the LNG to be exported, (ii) the impact on domestic natural gas market prices, and (iii) the economic and environmental benefits associated with its proposed exports. Waller Point asserts that the proposed exports will not cause a significant increase in domestic natural gas prices, will create more domestic employment opportunities, and will advance the development of LNG infrastructure needed for the United States to fully realize the use of LNG as a domestic transportation fuel in striving to achieve energy independence. For these reasons, Waller Point asserts that its requested export authorization will have a positive effect on the U.S. economy and move the country closer to energy independence without detrimentally impacting the domestic natural gas supply.

Focusing on domestic need for the LNG, Waller Point states that recoverable reserves of natural gas in the United States are economical and plentiful enough to meet demand for both domestic consumption and long-term export from the Waller Point LNG Terminal. According to Waller Point, technological advancements in natural gas exploration and production have allowed for the continued development of previously undiscovered domestic shale gas reserves. Waller Point asserts that there has been a consistent trend of upward re-adjustment of U.S. recoverable natural gas reserves. Citing data from the U.S. Energy Information Administration (EIA), Waller Point states that the EIA estimates 2,203 trillion cubic feet of technically recoverable gas in the United States—a figure that it states far exceeds the volume of anticipated exports. For these and other reasons, Waller Point asserts that its proposed exports will not materially impact the

availability of natural gas supply from a regional and national perspective, nor will the exports be needed to meet demand in the United States.

Additional details can be found in Waller Point's Application, which is posted on the DOE/FE website at:

http://www.fossil.energy.gov/programs/gasregulation/authorizations/2013_applications/13_153_LNG.pdf

Environmental Impact

Waller Point states that any construction or modifications to the Waller Point LNG Terminal resulting from or in connection with the Application would be subject to approval by the Federal Energy Regulatory Commission (FERC). Following the issuance of this requested authorization, Waller Point states that it will initiate the pre-filing review process at FERC for the proposed Terminal, consistent with the requirements of the National Environmental Policy Act (NEPA), 42 U.S.C. § 4321 *et seq.* Waller Point anticipates that FERC will act as the lead agency for the environmental review, with DOE acting as a cooperating agency. Waller Point requests that DOE/FE issue an order approving this Application, with such approval subject to completion by FERC of a satisfactory environmental review.

DOE/FE Evaluation

The Application will be reviewed pursuant to section 3(a) of the NGA, 15 U.S.C. § 717b(a), and DOE will consider any issues required by law or policy. To the extent determined to be relevant, these issues will include the domestic need for the natural gas proposed to be exported, the adequacy of domestic natural gas supply, U.S. energy security, and the cumulative impact of the requested authorization and any other LNG export application(s) previously approved on domestic natural gas supply and demand fundamentals. DOE may also consider other factors bearing on the

public interest, including the impact of the proposed exports on the U.S. economy (including GDP, consumers, and industry), job creation, the U.S. balance of trade, and international considerations; and whether the authorization 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 address these issues in their comments and/or protests, as well as other issues deemed relevant to the Application.

NEPA requires DOE to give appropriate consideration to the environmental effects of its decisions. No final decision will be issued in this proceeding until DOE has met its environmental responsibilities.

Due to the complexity of the issues raised by the Applicant, interested persons will be provided 60 days from the date of publication of this Notice in which to submit comments, protests, motions to intervene, notices of intervention, or motions for additional procedures.

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 C.F.R. 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. 13-153-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. All filings must include a reference to FE Docket No. 13-153-LNG. PLEASE NOTE: If submitting a filing via email, please include all related documents and attachments (e.g., exhibits) in the original email correspondence. Please do not include any active hyperlinks or password protection in any of the documents or attachments related to the filing. All electronic filings submitted to DOE must follow these guidelines to ensure that all documents are filed in a timely manner. Any hardcopy filing submitted greater in length than 50 pages must also include, at the time of the filing, a digital copy on disk of the entire submission.

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 C.F.R. § 590.316.

The Application is available for inspection and copying in the Division of Natural Gas Regulatory Activities docket room, Room 3E-042, 1000 Independence Avenue, S.W., 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 July 11, 2014.



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