

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

VENTURE GLOBAL LNG, LLC

FE DOCKET NO. 13-69-LNG

ORDER GRANTING LONG-TERM MULTI-CONTRACT AUTHORIZATION
TO EXPORT LIQUEFIED NATURAL GAS BY VESSEL
FROM THE PROPOSED VENTURE GLOBAL LNG PROJECT
IN CAMERON PARISH, LOUISIANA
TO FREE TRADE AGREEMENT NATIONS

DOE/FE ORDER NO. 3345

SEPTEMBER 27, 2013

I. DESCRIPTION OF REQUEST

On May 13, 2013, Venture Global LNG, LLC (Venture Global) 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)¹ for long-term, multi-contract authorization, to export liquefied natural gas (LNG) produced from domestic sources in an amount up to 5 million metric tons per year (mtpa) from the proposed Venture Global LNG Project (Project) located in Cameron Parish, Louisiana, for a 25-year term. Venture Global states the requested export amount is equivalent to approximately 243.6 billion cubic feet (Bcf) per year (Bcf/yr) of natural gas, which is equivalent to 0.67 Bcf per day.²

Venture Global seeks to export LNG by vessel from the proposed Project to 1) any country 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 (FTA countries)³, and 2) any country with which the United States does not have an FTA requiring national treatment for trade in natural gas (non-FTA countries) with which trade is not prohibited by U.S. law or policy. Venture Global seeks to export this LNG on its own behalf and also as agent for third parties. Venture Global requests that this authorization commence on the earlier of the date of first export or eight years from the date the authorization is issued (September 27, 2021).

¹ 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. 00-002.04F issued on July 11, 2013.

² Venture Global requests authorization to export up to 5 million metric tons per year of LNG, which, it states, is equivalent to approximately 243.6 Bcf/yr of natural gas. Consistent with DOE regulations (10 C.F.R. Part 590), applications are to provide volumes in Bcf, and subsequently, DOE/FE will authorize LNG exports equivalent to 243.6 Bcf/yr of natural gas.

³ The United States currently has FTAs requiring national treatment for trade in natural gas with Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore. FTAs with Israel and Costa Rica do not require national treatment for trade in natural gas.

The portion of the Application that seeks authorization to export domestically produced LNG to FTA countries will be reviewed pursuant to Section 3(c) of the Natural Gas Act, as amended, and will be approved in this Order as specified below. The portion of the Application that seeks authorization to export domestically produced LNG to non-FTA countries will be reviewed pursuant to Section 3(a) of the Natural Gas Act, as amended, and will be decided in a separate order after DOE/FE has completed a public interest determination and considered any other issues required by law or policy.

II. BACKGROUND

Venture Global is a Delaware limited liability company with its principal place of business in Washington, D.C. Venture Global is wholly owned by its sole member, Venture Global Partners, LLC (VGP), which in turn is fifty percent owned and controlled by each of Robert B. Pender and Michael A. Sabel (Principals). Venture Global states that VGP and its affiliates, including Venture Global, seek to improve people's lives in developing nations by structuring commercially sustainable projects that increase energy availability, lower power costs, and reduce carbon emissions and other pollutants. Venture Global states that VGP and its affiliates, including Venture Global, are working to develop LNG liquefaction, export, import, storage, and re-gasification terminals, converting existing heavy fuel oil (HFO) and diesel power generation to natural gas-fired generation, as well as to develop new natural gas-fired power generation, in developing nations. Venture Global states that with the exception of parent, VGP, and its affiliate, Venture Global Power, LLC,⁴ Venture Global is not currently affiliated with any other energy company or governmental organization.

⁴ Venture Global Power, LLC is an affiliate of VGP and Venture Global, and is majority owned and controlled by the Principals. Venture Global Power, LLC is also involved in developing LNG facilities.

Venture Global proposes to export LNG from the Project's proposed liquefaction facilities and terminal to be located at a site of approximately 69 acres at the entrance of the Calcasieu Ship Channel in Cameron Parish in Southwest Louisiana.⁵ Venture Global requests the issuance of separate orders authorizing exports (1) to any country which has, or in the future develops, the capacity to import LNG via ocean-going carriers (either directly or by use of LNG containers transported on ocean-going carriers)⁶ and with which the U.S. has, or in the future enters into, an FTA requiring the national treatment for in natural gas and (2) to any country with the capacity to import LNG via ocean-going carriers and with which the U.S. does not have such an FTA and with which trade is not prohibited by U.S. law or policy.

Venture Global states that VGP and its affiliates are presently developing import, storage, and re-gasification terminals, together with facilities to convert existing HFO and diesel power generation to natural gas, as well as new natural gas-fired generation projects, in multiple locations outside the United States. Venture Global states that VGP and its affiliates work with developing nations to structure projects that are, through competitive bidding of all material components of the project, low cost and financeable through third party debt and equity project financing. Venture Global states that to do so, VGP and its affiliates expect to partner and/or contract with reputable, experienced and credit-worthy international companies focusing on global infrastructure that will provide equity and project finance debt, as well as international energy and logistics companies that are subject-matter experts in various aspects of the natural gas, liquefaction, marine transportation, LNG terminal, LNG storage and re-gasification, and power generation business (collectively, Contract Parties).

⁵ Venture Global has an agreement for the exclusive right to lease this 69 acre site.

⁶ As discussed below, Venture Global provides no further description of the facilities that would enable the export of LNG from the Project to FTA countries by use of LNG containers transported on ocean-going carriers.

Venture Global states that either directly, together with, or through one or more of its Contract Parties, Venture Global plans to procure natural gas supplies in the United States for liquefaction and export from the Project to supply its international projects. Venture Global states that it also will arrange for the subsequent transportation of the LNG to LNG import facilities via ocean-going carriers.

Venture Global states that this application seeks authorization to export LNG produced from the United States natural gas supply and transmission network. Venture Global states that this natural gas will be procured from the interstate and intrastate natural gas grid at points of liquidity upstream from the Project. Venture Global states that the Project site is located very near various major interstate and intrastate pipeline systems. For example, the systems of Tennessee Gas Pipeline Company, ANR Pipeline Company, Bridgeline Holdings, L.P., Columbia Gulf Transmission Company, and Natural Gas Pipeline Company of America are all located in close proximity to the Project. Venture Global anticipates that the Project, through newly constructed, relatively short lateral pipeline(s), will be connected to one or more of these or other available interstate or Louisiana intrastate pipeline systems. Venture Global states that access to the pipeline grid will enable it to purchase natural gas from multiple sources of conventional and non-conventional U.S. production. Venture Global states that such supplies could be produced across the Gulf Coast region, both onshore and offshore, including traditional production regions as well as the already robust and expanding supplies produced from onshore shale formations, including the Barnett, Haynesville, and Bossier shale gas formations. Venture Global states that this supply may be sourced in requisite volumes in the spot market or pursued

under long-term arrangements. Venture Global states that it will file all executed long-term purchase agreements with the DOE/FE under seal.⁷

III. FINDINGS

(1) Section 3(c) of the NGA was amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486) to require that applications to authorize (a) the import and export of natural gas, including LNG, from and to a nation with which there is in effect a FTA requiring national treatment for trade in natural gas, and (b) the import of LNG from other international sources, be deemed consistent with the public interest and granted without modification or delay. The FTA portion of the instant Application falls within section 3(c), as amended, and therefore, DOE/FE is charged with granting that part of the Application without modification or delay.⁸

(2) The requirement that DOE/FE grant NGA section 3(c) applications without modification or delay is subject to DOE regulations governing the content of applications. In particular, DOE/FE regulations require a description of the scope of the project and the facilities to be utilized or constructed. 10 C.F.R. § 590.202(b)(1). DOE/FE finds that Venture Global's application does not contain an adequate description of the scope of the project and the facilities that will be used to export LNG by use of LNG containers transported on ocean-going carriers. In order to ensure that the application is complete, DOE/FE will require Venture Global to submit the following additional information no later than 30 days prior to initiating export operations: (a) identify the type of LNG containers to be used; (b) describe the proposed Project

⁷ DOE/FE has previously determined that this commitment meets the requirements of 10 C.F.R. § 590.202(b), which requires applicants to supply transaction-specific information "to the extent practicable." *See, e.g.* Sabine Pass Liquefaction, LLC, FE Docket No. 10-85-LNG, Order No. 2833 (September 7, 2010).

⁸ DOE further finds that the requirement for public notice of applications and other hearing-type procedures in 10 C.F.R. Part 590, are applicable only to applications seeking to export natural gas, including LNG, to countries with which the United States does not have a FTA requiring national treatment for trade in natural gas.

facilities that would load LNG into those containers; (c) describe how the facilities would load LNG into the LNG containers; and (d) specify the type of ocean-going carrier that will be used to transport such containers.

(3) In light of DOE's statutory obligation to grant the FTA portion of this Application without modification or delay, there is no need for DOE/FE to review the other arguments posed by Venture Global in support of the Application. The instant grant of authority should not be read to indicate DOE's views on those arguments. Nor should it be read to indicate how DOE may dispose of that portion of the Application seeking authorization to export LNG to non-FTA nations. DOE will address the non-FTA portion of the Application in a subsequent order.

(4) The countries with which the United States has an FTA requiring national treatment for trade in natural gas currently are: Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore.

(5) As described above, Venture Global requests authorization to export LNG on behalf of itself and as agent for its Contract Parties and other entities who themselves may hold title to the LNG at the time of export. DOE/FE addressed the issue of agency rights in *Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC*, DOE/FE Order No. 2913, issued February 10, 2011. In Order 2913, DOE/FE approved a proposal by Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC (collectively, FLEX) to register each LNG title holder for whom FLEX sought to export LNG as agent. DOE/FE found that this proposal was an acceptable alternative to the non-binding policy adopted by DOE/FE in *Dow Chemical*, which established that the title for all LNG authorized for export must be held by the authorization holder at the

point of export.⁹ We find that the same policy considerations that supported DOE/FE's acceptance of the alternative registration proposal in Order 2913 apply here as well.

DOE/FE reiterated its policy on Agency Rights procedures in *Gulf Coast LNG Export, LLC*.¹⁰ In *Gulf Coast*, DOE/FE confirmed that, in LNG export orders in which Agency Rights have been granted, DOE/FE shall require registration materials filed for, or by, an LNG titleholder (Registrant) to include the same company identification information and long-term contract information of the Registrant as if the Registrant had filed an application to export LNG on its own behalf.¹¹

To ensure that the public interest is served, the authorization granted herein shall be conditioned to require that where Venture Global proposes to export LNG as agent for other entities who hold title to the LNG (Registrants), Venture Global must register with DOE/FE those entities on whose behalf it will export LNG in accordance with the procedures and requirements described herein.

(6) Section 590.202(b) of DOE's regulations require applicants to supply transaction specific factual information "to the extent practicable."¹² Additionally, DOE regulations at 10 C.F.R. § 590.202(e) allow confidential treatment of the information supplied in support of or in opposition to an application if the submitting party requests such treatment, shows why the information should be exempted from public disclosure, and DOE determines it will be afforded confidential treatment in accordance with 10 C.F.R. § 1004.11.¹³

⁹ *Dow Chem. Co.*, DOE/FE Order No. 2859, Order Granting Blanket Authorization to Export Liquefied Natural Gas (Oct. 5, 2010), at 7-8, discussed in *Freeport LNG*, DOE/FE Order No. 2913, at 7-8.

¹⁰ *Gulf Coast LNG Export, LLC*, Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas By Vessel from the Proposed Brownsville Terminal to Free Trade Agreement Nations, DOE/FE Order No. 3163 (Oct. 16, 2012).

¹¹ See *id.* at 7-8.

¹² 10 C.F.R. § 590.202(b).

¹³ *Id.* § 590.202(e).

(7) DOE/FE will require that Venture Global file or cause to be filed with DOE/FE any relevant long-term commercial agreements (contracts) pursuant to which Venture Global exports LNG as agent for a Registrant, including Liquefaction Tolling Agreements (LTAs), once they have been executed. DOE/FE finds that the submission of all such agreements or contracts within 30 days of their execution using the procedures described below will be consistent with the “to the extent practicable” requirement of section 590.202(b). By way of example and without limitation, a “relevant long-term commercial agreement” would include an agreement with a minimum term of two years, such as an LTA, an agreement to provide gas processing or liquefaction services at the Project, a long-term sales contract involving natural gas or LNG stored or liquefied at the Project, or an agreement to provide export services from the Project.

(8) DOE/FE also will require Venture Global to file any long-term contracts Venture Global enters into providing for the long-term export of LNG on its own behalf from the Project. DOE/FE finds that the submission of these contracts within 30 days of their execution using the procedures described below will be consistent with the “to the extent practicable” requirement of section 590.202(b).

(9) In addition, DOE/FE finds that section 590.202(c) of DOE/FE’s regulations¹⁴ requires that Venture Global file, or cause to be filed, all long-term contracts associated with the long-term supply of natural gas to the Project whether signed by Venture Global or the Registrant within 30 days of their execution.

(10) DOE/FE recognizes that some information in Venture Global’s or a Registrant’s long-term commercial agreements associated with the export of LNG, and/or long-term contracts associated with the long-term supply of natural gas to the Project may be commercially sensitive. DOE/FE therefore will provide Venture Global the option to file or cause to be filed either

¹⁴ *Id.* § 590.202(c).

unredacted contracts, or in the alternative: (A) Venture Global may file, or cause to be filed, long-term contracts under seal, but it also will file either: i) a copy of each long-term contract with commercially sensitive information redacted, or ii) a summary of all major provisions of the contract(s) including, but not limited to, the parties to each contract, contract term, quantity, any take or pay or equivalent provisions/conditions, destinations, re-sale provisions, and other relevant provisions; and (B) the filing must demonstrate why the redacted information should be exempted from public disclosure.

To ensure that DOE/FE destination and reporting requirements included in this Order are conveyed to subsequent title holders, DOE/FE will include as a condition of this authorization that future contracts for the sale or transfer of LNG exported pursuant to this Order shall include an acknowledgement of these requirements.

ORDER

Pursuant to section 3 of the NGA, it is ordered that:

A. Venture Global is authorized to export domestically produced LNG by ocean going vessel from the Project located in Cameron Parish, Louisiana, up to the equivalent of 243.6 Bcf/yr of natural gas for a 25-year term, beginning on the earlier of the date of first export or 8 years from the date the authorization is issued (September 27, 2021), pursuant to one or more long-term contracts (greater than two years) with third parties that do not exceed the term of this authorization.

B. This LNG may be exported to Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore, and to any country with which the

United States subsequently enters into a FTA requiring the national treatment for trade in natural gas, provided that the destination country has the capacity to import LNG. FTA countries are currently identified by DOE/FE at:

<http://www.fossil.energy.gov/programs/gasregulation/index.html>.

C. Venture Global shall ensure that all transactions authorized by this Order are permitted and lawful under U.S. laws and policies, including the rules, regulations, orders, policies, and other determinations of the Office of Foreign Assets Control of the United States Department of the Treasury. Failure to comply with this requirement could result in rescission of this authorization and/or other civil or criminal remedies.

D. Venture Global shall file, or cause others to file, with the Office of Oil and Gas Global Security and Supply all executed long-term contracts associated with the long-term export of LNG on its own behalf or as agent for other entities, from the Project located in Cameron Parish, Louisiana. Venture Global shall file, or cause others to file, a non-redacted copy of each contract, for public posting. Alternatively, Venture Global shall file or cause others to file both a non-redacted copy of the contract filed under seal and either: i) a redacted version of the contract, or ii) major provisions of the contract, for public posting, within 30 days of their execution. Applying the same procedures, Venture Global also shall file, or cause others to file, with the Office of Oil and Gas Global Security and Supply all executed long-term contracts associated with the long-term supply of natural gas to the Project in Cameron Parish, Louisiana. Venture Global shall file or cause others to file a non-redacted copy of the contract for public posting. Alternatively, Venture Global shall file, or cause others to file, both a non-redacted copy of the contract under seal, and either: i) a redacted version of the contract, or ii) major provisions of the contract, for public posting within 30 days of their execution. In these filings,

Venture Global shall show why the redacted or non-disclosed information should be exempted from public disclosure.

E. Venture Global shall include, and require others for whom Venture Global acts as agent to include, the following provision in any agreement or other contract for the sale or transfer of LNG exported pursuant to this Order:

“Customer or purchaser acknowledges and agrees that it will resell or transfer LNG purchased hereunder for delivery only to countries identified in Ordering Paragraph B of DOE/FE Order No. 3345, issued September 27, 2013 in FE Docket No. 13-69-LNG, and/or to purchasers that have agreed in writing to limit their direct or indirect resale or transfer of such LNG to such countries. Customer or purchaser further commits to cause a report to be provided to Venture Global that identifies the country of destination, upon delivery, into which the exported LNG was actually delivered, and to include in any resale contract for such LNG the necessary conditions to ensure that Venture Global is made aware of all such actual destination countries.”

F. Venture Global is permitted to use its authorization in order to export LNG as agent for other entities, after registering the other parties with DOE/FE. Registration materials shall include an acknowledgement and agreement by the Registrant to supply Venture Global with all information necessary to permit Venture Global to register that person or entity with DOE/FE, including: (1) the Registrant’s agreement to comply with this Order and all applicable requirements of DOE/FE’s regulations at 10 C.F.R. Part 590, including but not limited to destination restrictions; (2) the exact legal name of the Registrant, state/location of incorporation/registration, primary place of doing business, and the Registrant’s ownership structure, including the ultimate parent entity if the Registrant is a subsidiary or affiliate of

another entity; (3) the name, title, mailing address, e-mail address, and telephone number of a corporate officer or employee of the registrant to whom inquiries may be directed; (4) within 30 days of execution, a copy, of any long-term contracts, not previously filed with DOE/FE, described in Ordering paragraph (D) of this Order, including either a non-redacted copy for public posting, or alternatively both a non-redacted copy for filing under seal and either: i) a redacted version of the contract, or ii) major provisions of the contract, for public posting.

G. Each registration submitted pursuant to this Order shall have current information on file with DOE/FE. Any changes in company name, contact information, change in term of the long-term contract, termination of the long-term contract, or other relevant modification, shall be filed with DOE/FE within 30 days of such change(s).

H. As a condition of this authorization, Venture Global shall ensure that all persons required by this Order to register with DOE/FE have done so. Any failure by Venture Global to ensure that all such persons or entities are registered with DOE/FE shall be grounds for rescinding in whole or in part the authorization.

I. Within two weeks after the first export of domestically produced LNG occurs from the Project in Cameron Parish, Louisiana, Venture Global shall provide written notification of the date that the first export of LNG authorized in Ordering Paragraph A above occurred.

J. Venture Global shall file with the Office of Oil and Gas Global Security and Supply, on a semi-annual basis, written reports describing the progress of the proposed liquefaction facility Project in Cameron Parish, Louisiana. The reports shall be filed on or by April 1 and October 1 of each year, and shall include information on the progress of the proposed liquefaction Project in Cameron Parish, Louisiana, the date the facility is expected to be

operational, and the status of the long-term contracts associated with the long-term export of LNG and any long-term supply contracts.

K. Prior to any change in control of the authorization holder, Venture Global must obtain the approval of the Assistant Secretary for Fossil Energy. For purposes of this Ordering Paragraph, a “change of control” shall include any change, directly or indirectly, of the power to direct the management or policies of Venture Global, whether such power is exercised through one or more intermediary companies or pursuant to an agreement, written or oral, and whether such power is established through ownership or voting of securities, or common directors, officers, or stockholders, or voting trusts, holding trusts, or debt holdings, or contract, or any other direct or indirect means.

L. Monthly Reports: With respect to the LNG exports authorized by this Order, Venture Global shall file with the Office of Oil and Gas Global Security and Supply, within 30 days following the last day of each calendar month, a report indicating whether exports of LNG have been made. The first monthly report required by this Order is due not later than the 30th day of the month following the month of first export. In subsequent months, if exports have not occurred, a report of “no activity” for that month must be filed. If exports of LNG have occurred, the report must give the following details of each LNG cargo: (1) the name(s) of the authorized exporter registered with DOE/FE; (2) the name of the U.S. export terminal; (3) the name of the LNG tanker; (4) the date of departure from the U.S. export terminal; (5) the country (or countries) of destination into which the exported LNG was actually delivered; (6) the name of the supplier/seller; (7) the volume in Mcf; (8) the price at point of export per million British thermal units (MMBtu); (9) the duration of the supply agreement (indicate spot sales); and (10) the name(s) of the purchaser(s).

(Approved by the Office of Management and Budget under OMB Control No. 1901-0294)

M. All monthly report filings shall be made to U.S. Department of Energy (FE-34), Office of Fossil Energy, Office of Oil and Gas Global Security and Supply, P.O. Box 44375, Washington, D.C. 20026-4375, Attention: Natural Gas Reports. Alternatively, reports may be e-mailed to ngreports@hq.doe.gov, or may be faxed to Natural Gas Reports at (202) 586-6050.

N. No later than 30 days prior to commencing export operations authorized by this Order, Venture Global shall file with DOE/FE information (a) identifying the type of LNG containers to be used; (b) describing the proposed Project facilities that would load LNG into those containers; (c) describing how the facilities would load LNG into the LNG containers; and (d) specifying the type of ocean-going carrier that will be used to transport such containers.

Issued in Washington, D.C., on September 27, 2013.



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