

**UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY**

In the Matter of:

CONOCOPHILLIPS COMPANY

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Docket No. 15-____-LNG

**APPLICATION OF CONOCOPHILLIPS COMPANY
FOR BLANKET AUTHORIZATION.
TO EXPORT LIQUEFIED NATURAL GAS ON A SHORT-TERM BASIS**

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 (2013), ConocoPhillips Company (“ConocoPhillips”) hereby submits this application to the DOE, Office of Fossil Energy (“DOE/FE”) for an order granting it blanket authorization to export liquefied natural gas (“LNG”) that has previously been imported into the United States (“U.S.”) from foreign sources in an amount up to the equivalent of 500 billion cubic feet (“Bcf”) of natural gas on a cumulative basis over a two year period commencing on January 1, 2016 and ending on December 31, 2017.¹ ConocoPhillips seeks authorization to export this volume of LNG on a short-term or spot market basis from LNG terminal facilities owned by Freeport LNG Development, L.P. (“Freeport LNG”) on Quintana Island, Texas, 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. ConocoPhillips is not requesting authorization to re-export LNG to those countries with which trade is prohibited by Federal law or policy, or to export domestically- produced LNG. Good cause exists to grant the requested authorization for the reasons set forth below.

¹ The terminaling arrangement entered into by ConocoPhillips at the Freeport LNG terminal has been extended through June 30, 2016 and the parties are contemplating entering into other terminaling arrangements thereafter.

I. COMMUNICATIONS

Communications and correspondence concerning this filing should be directed to the following:

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Pursuant to the requirements of 10 C.F.R. § 590.103 (2013), ConocoPhillips hereby certifies that the persons listed above and undersigned are its duly authorized representatives.

II. DESCRIPTION OF APPLICANT

The exact legal name of applicant is ConocoPhillips Company. ConocoPhillips is a Delaware corporation with its executive offices located at 600 North Dairy Ashford, Houston, Texas, 77079. ConocoPhillips is an independent producer and seller of natural gas that imports LNG into the U.S. and exports foreign-sourced LNG from the U.S.

ConocoPhillips has been granted the authority to export LNG to Canada and Mexico by vessel, and to import LNG from various international sources by vessel, up to a combined total of the equivalent of 500 Bcf of natural gas pursuant to transactions that have terms of no longer than two years. The currently-effective version of such authorization was renewed by Order No. 3685 and extends for a two-year term that commenced on August 30, 2015 and ends on August 29, 2017.²

ConocoPhillips has also been granted the authority to export LNG that has previously been imported from foreign sources in an amount up to the equivalent of 500 Bcf of natural gas on a cumulative basis over a twenty five month period. The currently effective version of that authorization

² *ConocoPhillips Company*, FE 15-102-LNG, DOE/FE Order No. 3685 (July 23, 2015).

was granted by Order No. 3359³ and extends for a twenty-five month term that commenced on November 30, 2013 and ends on December 31, 2015.⁴ The authorization permits ConocoPhillips to export previously imported LNG on a short term or spot market basis from terminal facilities owned by Freeport LNG on Quintana Island, Texas, 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 re-export authorization extends to LNG supplies imported from foreign sources to which ConocoPhillips holds title, as well as to LNG supplies imported from foreign sources that ConocoPhillips may export on behalf of other entities who themselves hold title. ConocoPhillips is not authorized to export LNG to those countries with which trade is prohibited by Federal law or policy, or to export domestically-produced LNG.

III. AUTHORIZATION REQUESTED

In this application, ConocoPhillips seeks to renew the blanket re-export authorization that it was granted in Order No. 3359, which authorization expires on December 31, 2015. Specifically, ConocoPhillips requests blanket authorization to export previously imported LNG on a short-term or spot market basis up to the equivalent of 500 Bcf of natural gas cumulatively over a two year period commencing on January 1, 2016 and ending on December 31, 2017.

Like the authorization granted by Order No. 3359, ConocoPhillips requests that the re-export authorization requested in this application extend to LNG supplies imported from foreign sources to which ConocoPhillips holds title, as well as to LNG supplies imported from foreign sources that ConocoPhillips may export on behalf of other entities who themselves hold title. ConocoPhillips agrees to comply with the agency registration requirements adopted by DOE/FE in *Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC*, DOE/FE Order No. 2913 (Feb.10,

³ *ConocoPhillips Company*, FE 13-97-LNG DOE/FE Order No. 3359 (November 7, 2013)

⁴ This period coincides with the term of a commercial terminaling arrangement entered into by ConocoPhillips at the Freeport LNG terminal.

2011).⁵ ConocoPhillips is not requesting authorization to re-export LNG to those countries with which trade is prohibited by Federal law or policy. ConocoPhillips is also not requesting authorization to export domestically-produced LNG. There are no other proceedings related to this application currently pending before DOE or any other federal agency.

IV. PUBLIC INTEREST STANDARD

A. Standard of Review

Under Section 3 of the NGA, as amended by Section 201 of the Energy Policy Act of 1992, DOE/FE must authorize exports from the U.S. to a foreign country unless there is a finding that the export “will not be consistent with the public interest.”⁶ DOE/FE has further found that Section 3 of the NGA creates a statutory presumption in favor of approval of a properly framed export application⁷ and that the public interest determination is guided by DOE Delegation Order No. 0204-111, which provides that domestic need for natural gas is the principal factor to be considered when evaluating an export application.⁸ As explained below, the blanket export authorization requested by ConocoPhillips satisfies this public interest standard.

B. There is No Domestic Need for the LNG to be Exported by ConocoPhillips.

DOE/FE’s evaluation of natural gas export applications typically involves an analysis of the domestic impacts that would result from the loss of domestic natural gas that is exported. DOE/FE has explained the applicability of this analysis to the export of previously-imported LNG as follows:

⁵ ConocoPhillips is subject to these requirements under its currently effective re-export authorization, Order No.3359 pp.7-8.

⁶ 15 U.S.C. § 717b(a). Natural gas is defined to include LNG in 10 C.F.R. § 590.102(i) (2013)

⁷ See *Phillips Alaska Natural Gas Corp. and Marathon Oil Co.*, DOE/FE Opinion and Order No. 1473, 2 FE ‘II 70,317 at p. 13, n. 42 (Apr. 2, 1999), citing *Panhandle Producers and Royalty Owners Association v. ERA*, 822 F.2d 1105, 1111 (DC Cir. 1987).

⁸ See *id* at p. 14

“The instant application involves a request for authorization to export LNG that was not produced in the United States. Accordingly, exporting the gas necessarily could not reduce the availability of domestically produced gas. On the other hand, exporting previously imported LNG will still affect the domestic market because, for a two-year period, the exports will reduce the volume of natural gas potentially available for domestic consumption.”⁹

In recent years, DOE/FE has issued a number of blanket authorizations to export previously-imported LNG, including the one issued to ConocoPhillips in Order No. 3359, upon finding that such LNG is not needed to meet domestic demand for natural gas. The most recent such blanket authorization was granted on April 23, 2015 in Order No. 3628.¹⁰ There, DOE/FE renewed ENI USA Gas Marketing LLC’s authorization to export previously imported LNG from the Cameron LNG Terminal located in Cameron Parish, Louisiana upon finding that U.S. consumers will continue to have access to sufficient quantities of natural gas at competitive prices even if previously imported LNG is exported. DOE/FE arrived at this conclusion based on an analysis prepared by the Energy Information Administration (“EIA”), which Order No. 3628 summarized as follows:

“DOE/FE has issued numerous blanket authorizations to export previously imported LNG in other proceedings. These orders were based, in part, on authoritative data indicating that United States consumers have access to substantial quantities of natural gas sufficient to meet domestic demand from other competitively –priced sources. Specifically DOE takes administrative notice of an analysis prepared by the U.S. Energy Information Administration (EIA) in the *Annual Energy Outlook 2014* (AEO 2014), released in May 2014 and discussed in the Application, showing projected annual domestic dry natural gas production in 2020 of 29.09 trillion cubic feet (Tcf), with a total natural gas consumption projected to be 27.06 Tcf in the same year.”¹¹

⁹ *Freeport LNG Development, L.P.*, DOE/FE Order No. 2986 at p. 6 (Jul. 19, 2011).

¹⁰ *ENI USA Gas Marketing LLC*, DOE/FE Order No. 3628 (April 23, 2015).

¹¹ *ENI USA Gas Marketing LLC*, DOE/FE Order No. 3628 (April 23, 2015), p. 6. See also *Annual Energy Outlook 2014*, at A-27 (Table A13), available at : [http://www.eia.gov/forecasts/aeo/pdf/0383\(2014\).pdf](http://www.eia.gov/forecasts/aeo/pdf/0383(2014).pdf)

The above analysis applies with equal force here and supports a finding that consumers in the U.S. will continue to have access to sufficient quantities of natural gas at competitive prices even if the re-export authorization requested by ConocoPhillips is granted.

C. Other Benefits.

As indicated in the monthly reports filed with DOE/FE pursuant to Order No. 3359, ConocoPhillips has used its currently effective blanket authorization to export previously imported LNG. The blanket export authorization has facilitated the importation of LNG cargos into the U.S. by enabling ConocoPhillips to import LNG cargos into the U.S. without fear that such cargos will become captive to the U.S. market if, in ConocoPhillips' view, market conditions ultimately do not support delivering re-gasified LNG into the U.S. market. ConocoPhillips has also sold LNG to Freeport LNG to replace boil off, thereby contributing to the operational stability of the Freeport LNG terminal facilities.

V. ENVIRONMENTAL IMPACT

The requested export authorization does not raise any environmental concerns. No new facilities or modification to any existing facilities at Freeport LNG's Quintana Island terminal will be required in order for ConocoPhillips to continue to export LNG from the terminal. The environmental impacts of permitting the exportation of LNG from Freeport LNG's Quintana Island terminal have already been reviewed by DOE/FE in previous orders, most recently, in the Freeport LNG order discussed in Section IV-B above (Order No. 3628). DOE/FE has also previously found that the re-export of LNG by ConocoPhillips from the Freeport LNG terminal facilities will have no additional environmental impact.¹²

¹² *ConocoPhillips Company*, FE 13-97-LNG DOE/FE Order No. 3359 (November 7, 2013)

VI. APPENDICES

The following appendices are attached hereto:

Appendix A: Verification

Appendix B: Opinion of Counsel

VII. CONCLUSION

For the reasons set forth above, ConocoPhillips respectfully requests that DOE/FE issue an order granting ConocoPhillips blanket authorization for a two year period commencing on January 1, 2016 and ending on December 31, 2017 to engage in short-term exports of previously imported LNG up to the equivalent of 500 Bcf of natural gas on a cumulative basis from Freeport LNG's terminal facilities on Quintana Island, Texas, to any country with which such trade is not prohibited by Federal law or policy.

Respectfully submitted,

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Appendix A
Verification

Appendix B

Opinion of Counsel

