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March 25, 2016

**Via Electronic Filing by E-Mail: [fergas@hq.doe.gov](mailto:fergas@hq.doe.gov)  
and Via Hand Delivery**

Mr. John Anderson, Director  
Office of Regulation and  
International Engagement  
Office of Fossil Energy  
U.S. Department of Energy  
Room 3E-052, FE-34  
Forrestal Building  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

**Re: Carib Energy (USA) LLC, FE Docket No. 16-<sup>98</sup>-LNG  
Application for Long-Term Authorization to Export Liquefied Natural Gas  
to Non-Free Trade Agreement Countries**

Dear Mr. Anderson:

Pursuant to Section 3 of the Natural Gas Act and Part 590 of the regulations of the Department of Energy (“DOE”) Carib Energy (USA) LLC (“Carib”) submits its Application for Long-Term Authorization to Export Liquefied Natural Gas to Non-Free Trade Agreement Countries (“Application”). Also attached is a check for \$50 payable to the U.S. Department of Treasury to cover the filing fee.

Carib is submitting two versions of its Application: (1) a Confidential Non-Public Version which contains as Appendix C the Master LNG Purchase and Sale Agreement (“PSA”) as required under Section 590.202(c) of DOE’s regulations; and (2) a Public Version which contains as Appendix C a summary of all major provisions of the PSA.<sup>1</sup> Carib respectfully submits that the PSA contained in the Confidential Non-Public Version of the Application contains highly sensitive commercial information eligible for exemption from disclosure

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<sup>1</sup> To comply with Section 590.202(c), DOE/Office of Fossil Energy provides LNG exporters submitting commercially sensitive contracts the option to submit either a redacted copy of the long-term contract or a summary of all major provisions of the contract. See, e.g., *Dominion Cove Point LNG, LP*, DOE/FE Order No. 3331-A, at 105 (2015).

Mr. John Anderson, Director  
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pursuant to Section 1004.10(b)(4) of the DOE regulations. Disclosure of this information is likely to cause substantial harm to the competitive position of Carib.

Accordingly, Carib is providing via courier a hard copy “original” of its Confidential Non-Public Application in a sealed envelope marked “Contains Confidential Information – Do Not Release.” Carib is submitting a Public Version of its Application via e-mail to [fergas@hq.doe.gov](mailto:fergas@hq.doe.gov).

Carib reserves its rights under 590.1004.11(c) of the DOE regulations to receive notice before any disclosure of any of the confidential information, and to be allowed an opportunity to submit its views with respect to any disclosure. Carib further requests that DOE return the PSA submitted with the Confidential Non-Public version to Carib following final action on its Application.

Please contact the undersigned with any questions regarding this submission.

Respectfully submitted,



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Michael A. Stosser  
*Counsel for Carib Energy (USA) LLC*

Enclosures

MAS/dam

**PUBLIC VERSION – CONFIDENTIAL INFORMATION REMOVED**

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

**Carib Energy (USA) LLC ) FE Docket No. 16-\_\_\_\_-LNG**

**APPLICATION OF CARIB ENERGY (USA) LLC  
FOR LONG-TERM AUTHORIZATION TO EXPORT LIQUEFIED NATURAL GAS  
TO NON-FREE TRADE AGREEMENT COUNTRIES**

Pursuant to Section 3 of the Natural Gas Act (“NGA”)<sup>1</sup> and Part 590 of the Department of Energy’s (“DOE”) regulations,<sup>2</sup> Carib Energy (USA) LLC (“Carib”), a wholly-owned subsidiary of Crowley Petroleum Services, hereby submits this Application to the DOE, Office of Fossil Energy (“DOE/FE”) for long-term, multi-contract authorization to export up to approximately 1.3 billion cubic feet (“Bcf”) per year, of domestically-produced liquefied natural gas (“LNG”) for a 20-year period, commencing on the earlier of the date of first export or five (5) years from the date the requested authorization is granted. Carib seeks authorization to export LNG produced at any of the existing natural gas liquefaction facilities listed in Appendix D, which are owned and operated by Pivotal LNG, Inc. (“Pivotal”) or by one of its affiliates.<sup>3</sup> Carib requests authority to export the LNG by vessels, and also by use of approved IMO7/TVAC-ASME LNG containers transported on ocean-going container vessels to any country within Central America, South America or the Caribbean, which has, or in the future develops, the capacity to import LNG delivered via vessels and also via ocean-going container

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<sup>1</sup> 15 U.S.C. § 717b (2012).

<sup>2</sup> 10 C.F.R. Pt. 590 (2015).

<sup>3</sup> Carib intends to purchase LNG from Pivotal, which operates the Trussville LNG facility in Trussville, Alabama. Pivotal also has the ability from time to time to source LNG from the Chattanooga LNG facility in Chattanooga, Tennessee, which is owned and operated by its affiliate, Chattanooga Gas Company. In the future, subject to any applicable regulatory approvals, Pivotal also would have the ability to source LNG from other affiliated facilities located in the southeastern United States.

vessels carrying approved IMO7/TVAC-ASME LNG containers, provided that trade is not prohibited by United States law or policy with that country, and provided further that the country has not entered into a free trade agreement with the United States providing for national treatment for trade in natural gas (“non-FTA countries”). Carib’s application to export LNG to non-FTA countries is reviewed under Section 3(a) of the NGA,<sup>4</sup> which creates a rebuttable presumption that a proposed export of natural gas is in the public interest. Under this standard, the DOE/FE “must grant such an application unless opponents of the application overcome that presumption by making an affirmative showing of inconsistency with the public interest.”<sup>5</sup>

In support of this application, Carib respectfully states the following:

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<sup>4</sup> 15 U.S.C. § 717b.

<sup>5</sup> *Cheniere Marketing, LLC and Corpus Christi Liquefaction, LLC*, DOE/FE Order No. 3638, FE Docket No. 12-97-LNG, “Final Opinion and Order Granting Long-term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed Corpus Christi Liquefaction Project to be Located in Corpus Christi, Texas to Non-Free Trade Agreement Nations,” at 12 (May 12, 2015) (“*Cheniere Marketing*”); *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 2961, FE Docket No. 10-111-LNG, “Opinion and Order Conditionally Granting Long-Term Authorization to Export Liquefied Natural Gas From Sabine Pass LNG Terminal to Non-Free Trade Agreement Nations,” at 28 (May 20, 2011) (“*Sabine Pass*”).

**I. COMMUNICATIONS AND CORRESPONDENCE**

All communications and correspondence regarding this Application should be directed to the following persons:

Matthew Jackson VP LNG Business Development Crowley Petroleum Services 9487 Regency Square Blvd. Jacksonville, FL 32225 Matthew.Jackson@crowley.com	Michael A. Stosser Paul F. Forshay Sutherland Asbill & Brennan LLP 700 Sixth Street, N.W., Suite 700 Washington, D.C. 20001-3980 Tel.: 202-383-0100 Fax: 202-637-3593 Email: <a href="mailto:michael.stosser@sutherland.com">michael.stosser@sutherland.com</a> ; <a href="mailto:paul.forshay@sutherland.com">paul.forshay@sutherland.com</a>
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**II. DESCRIPTION OF THE APPLICANT**

The exact legal name of the applicant is Carib Energy (USA) LLC with its principal place of business in Jacksonville, Florida. Carib is a wholly owned subsidiary of Crowley Petroleum Services, Inc. (“Crowley”). Crowley is a wholly owned subsidiary of Crowley Maritime Corp., which is in turn a wholly owned subsidiary of Crowley Holdings, Inc. (“CHI”). CHI is a family- and employee-owned company.

Carib currently holds long-term authority to export LNG obtained from various sources pursuant to DOE/FE Order No. 2993<sup>6</sup> (FTA authorization), and to export LNG from the

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<sup>6</sup> *Carib Energy (USA) LLC*, DOE/FE Order No. 2993, “Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas to Free Trade Agreement Nations in Central America, South America, or the Caribbean by Vessel in ISO Containers (July 27, 2011).

Floridian Natural Gas Storage Company, LLC facility being developed in Martin County, Florida, pursuant to Order No. 3487<sup>7</sup> (Non-FTA authorization).

### **III. AUTHORIZATION REQUESTED**

Carib requests long-term, multi-contract authorization to export up to 1.3 Bcf/year of domestically-produced LNG for a 20-year period, commencing on the earlier of the date of first export or five (5) years from the date the requested authorization is granted. Carib requests authority to export LNG produced at any of the existing natural gas liquefaction facilities owned and operated by Pivotal or by one of its affiliates. Carib will purchase LNG from Pivotal sourced from Pivotal's Trussville LNG facility in Trussville, Alabama, and from its affiliate Chattanooga Gas Company's LNG facility located in Chattanooga, Tennessee. In the future, subject to any applicable regulatory approvals, Pivotal also would have the ability to source LNG from other affiliated facilities in the southeastern United States and sell such LNG to Carib. The other existing natural gas liquefaction facilities, which are owned and operated by Pivotal's affiliate, Atlanta Gas Light Company, and that may serve as additional source of LNG supply to Pivotal for sale to Carib are the Riverdale LNG facility in Riverdale, Georgia; the Cherokee LNG facility in Ball Ground, Georgia; and the Macon LNG facility in Macon, Georgia. (All such liquefaction facilities owned by Pivotal and its affiliates are referred to herein as "the Facilities").<sup>8</sup> Information about each of the Facilities, including LNG production capacity, is provided in Appendix D.<sup>9</sup>

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<sup>7</sup> *Carib Energy (USA) LLC*, DOE/FE Order No. 3487, "Final Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas in ISO Containers by Vessel to Non-Free Trade Agreement Nations in Central America, South America, or the Caribbean (Sept. 10, 2014).

<sup>8</sup> FERC has recently ruled that existing LNG facilities owned by Pivotal and its affiliates that produce LNG that would ultimately be exported to foreign nations by a third party would not be subject to the Commission's Natural Gas Act Section 3 jurisdiction as a LNG Terminal. *Pivotal LNG, Inc.*, 151 FERC ¶ 61,006 (2015).

<sup>9</sup> See also Appendix E, a letter from Pivotal in support of Carib's application for long-term export of LNG to non-FTA countries.

Carib requests authority to export the LNG via vessels and also by use of approved IMO7/TVAC-ASME LNG containers transported on ocean-going container vessels to any country within Central America, South America or the Caribbean, which has, or in the future develops, the capacity to import LNG delivered via vessels and also via ocean-going container vessels carrying approved IMO7/TVAC-ASME LNG containers, provided that trade is not prohibited by United States law or policy with that country, and provided further that the country has not entered into a free trade agreement with the United States providing for national treatment for trade in natural gas (non-FTA countries).

With this Application, Carib requests approval of exports to non-FTA countries of LNG purchased under the purchase and sale arrangement described in the Master LNG Purchase and Sale Agreement entered into on March 12, 2014, between Pivotal and Carib (“Master LNG Purchase and Sale Agreement”). The Master LNG Purchase and Sale Agreement describes the arrangement between Pivotal and Carib, which is that from time to time, throughout the term of the Master LNG Purchase and Sale Agreement, Carib shall have the right to purchase a firm or interruptible supply from the Facilities of up to 1.3 Bcf/year for a 20-year period. Carib is filing the Master LNG Purchase and Sale Agreement with the DOE/FE under seal. A summary of the agreement is provided as Appendix C.

Carib expects to begin entering into long-term sales agreements with customers in the Caribbean, Central America, and South America to export LNG, and to purchase LNG from Pivotal under such Master LNG Purchase and Sale Agreement to serve those customers from the Facilities, pursuant to Transaction Confirmations that would be executed for each sale. Upon Carib entering into a sales agreement with a customer, Pivotal and Carib will execute a Transaction Confirmation that sets forth the quantities for sale and delivery to that customer.

The Transaction Confirmation will include relevant transaction information, such as transaction term, quantity of gas to be purchased under the transaction, the liquefaction facility from which such LNG will be acquired, and the name of customer and the port of destination. Following the execution of each Transaction Confirmation, Carib will file such Transaction Confirmation with DOE under seal. 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.”<sup>10</sup>

Delivery of LNG will be taken at the Facilities, and the LNG will be transported within the United States over highways, using approved 40-foot ISO IMO7/TVAC-ASME LNG containers. These containers comply with all United States Department of Transportation regulations, and the third parties with whom Carib will be contracting to handle transportation will comply with all required permits, including but not limited to, any federal, state and local permits relating to hazardous material and cryogenic handling regulations and requirements. All ISO containers will be tracked from the time of loading, until delivery at the export terminal by use of a proprietary GPS tracking system. Carib intends to export the LNG from the ports of Jacksonville, Florida; Port Everglades, Florida; Gulfport, Mississippi; and any port in the southeastern United States capable of accommodating LNG exports via vessel or via ISO containers transported on ocean-going container vessels.

The source of natural gas supply to be exported by Carib will be the robust and liquid United States natural gas market. Specifically, Carib will be purchasing LNG from the Facilities, which have, and expect to continue to have, an excess supply of LNG.

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<sup>10</sup> 10 C.F.R. § 590.202(b) requests certain information “to the extent applicable,” and “supported to the extent practicable by necessary data or documents” regarding the source and security of the natural gas supply proposed for export, including contract volume and a description of the specific gas reserves supporting the project during the time or the requested export authorization; *see also Sabine Pass* at 41.



#### IV. PUBLIC INTEREST

As noted above, Section 3(a) of the NGA creates a rebuttable presumption that an application for export of LNG is in the public interest, and the DOE/FE must grant such an application “unless opponents of the application overcome that presumption by making an affirmative showing of inconsistency with the public interest.”<sup>11</sup> When evaluating applications for natural gas exports, the DOE/ FE seeks to “minimize federal control and involvement in energy markets and ... promote a balanced and mixed energy resource system.”<sup>12</sup> The focus of the DOE/FE's public interest evaluation is on the domestic need for the LNG proposed to be exported.<sup>13</sup> In addition, the DOE/FE considers any threat to the security of domestic natural gas supplies potentially created by the proposed export, as well as “whether the arrangement is consistent with DOE/FE’s policy of promoting market competition” and “any other factors bearing on the public interest,”<sup>14</sup> including the environmental effects of the proposed export.<sup>15</sup>

Carib is seeking to export relatively small volumes of LNG, particularly when compared to export applications recently approved and pending before the DOE/FE. The maximum total volume of natural gas Carib expects to export in any year to non-FTA countries is 1.3 Bcf/year, which is minuscule when compared to the volumes of LNG authorized for export in the *Sabine Pass Liquefaction, LLC* orders issued by the DOE/FE in September 2010<sup>16</sup> and May 2011.<sup>17</sup> The export authority Carib is seeking in this Application is a tiny fraction of that total. Export of such small volumes of LNG has become economically and technically feasible in recent years

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<sup>11</sup> 15 U.S.C. § 717b(a); *Cheniere Marketing* at 12.

<sup>12</sup> *Cheniere Marketing* at 13.

<sup>13</sup> *Id.* at 13-14.

<sup>14</sup> *Id.* at 14.

<sup>15</sup> *Id.* at 13; *Sabine Pass* at 29, citing the National Environmental Policy Act, 42 U.S.C. § 4321 *et seq.* (“NEPA”).

<sup>16</sup> *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 2883, FE Docket No. 10-85-LNG, “Order Granting Long-Term Authorization to Export Liquefied Natural Gas From Sabine Pass LNG Terminal to Free Trade Nations” (Sept. 7, 2010).

<sup>17</sup> *Sabine Pass*.

due to the combined factors of increased domestic supply of natural gas and the development of approved containers allowing the safe and effective transport of small volumes of LNG than has previously been practical. This change allows Carib to take advantage of excess natural gas supply in the United States and use that supply to fill the needs of customers in Central America, South America and the Caribbean, countries which lack the infrastructure and the demand to justify imports of tanker loads of LNG containing much larger volumes. Because export of these smaller volumes of natural gas will not have a significant impact on domestic supply, and will fulfill a need that is not otherwise being met in the marketplace - both domestically and abroad, the granting of this Application is consistent with the public interest.

**A. Domestic Need for Natural Gas to be Exported**

United States consumers currently have, and are projected to have in the mid-term future, access to substantial quantities of natural gas, as a result of, among other things, technological advances that have allowed for development of previously undeveloped reserves of domestic shale gas. The Annual Energy Outlook 2015, prepared by the U.S. Energy Information Administration, states that total dry natural gas production in the United States increased by 35% from 2005 to 2013, largely from the development of shale gas resources in the Lower 48 states. Lower 48 shale gas production (including natural gas from tight oil formations) is predicted to increase by 73% in the AEO2015 Reference case, from 11.3 Tcf in 2013 to 19.6 Tcf in 2040, resulting in 45% increase in total U.S. dry natural gas production, from 24.4 Tcf in 2013 to 35.5 Tcf in 2040.<sup>18</sup> In all of the AEO2015 cases, the increase in U.S. gas production results in a continuing decline in net natural gas imports through 2040, with the United States predicted to

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<sup>18</sup> U.S. ENERGY INFORMATION ADMINISTRATION, ANNUAL ENERGY OUTLOOK (2015), at 20 (2015) ("AEO2015"), available at [http://www.eia.gov/forecasts/aeo/pdf/0383\(2015\).pdf](http://www.eia.gov/forecasts/aeo/pdf/0383(2015).pdf).

become a net exporter of natural gas in 2017.<sup>19</sup> Further, as DOE/FE noted in *Cheniere Marketing*, projections in AEO2015 support the proposition that “domestic supplies will be adequate both to meet domestic needs *and* to supply [Cheniere Marketing’s] exports and other final non-FTA LNG exports previously authorized by DOE/FE.”<sup>20</sup>

The small volumes of LNG that Carib is requesting to export, 1.3 Bcf/year, would not have a significant impact on domestic natural gas supply and represents a very tiny percentage of the domestic natural gas market. Nevertheless, although a minimal amount, this is an important amount of gas that would benefit the customers in small countries who do not have access to other natural gas supplies and do not have sufficient demand to justify shipment of a large LNG tanker. Further, this quantity is not sufficient to have an adverse impact on domestic supply when compared to the United States natural gas market as a whole.

#### **B. Domestic Energy Security and International Impacts**

As noted above, the relatively small volumes Carib proposes to export will have little effect on domestic natural gas supplies and minimal effect, if any, on domestic energy security. Carib's purchases from its supplier will be primarily excess supply. By allowing Carib to purchase this excess supply for export overseas, DOE/FE's approval of this application will benefit this domestic company and have little if any effect on domestic energy security, as such supply is in excess of current domestic demand.

From an international perspective, the exports will benefit the United States by supporting the use of generation fueled by natural gas rather than more environmentally damaging diesel or heavy fuel oil, commonly used by its close South American, Central

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<sup>19</sup> *Id.* at 21.

<sup>20</sup> *Cheniere Marketing* at 186.

American and Caribbean neighbors.<sup>21</sup> By and large, these countries do not have a domestic supply of natural gas and do not have the necessary infrastructure for the exploration, production or transportation of natural gas. Most of these countries do not have an independent supply of LNG or liquefaction facilities that would serve a natural gas or LNG market. Further, many of these countries do not have customers that have a natural gas demand that would support the volume a typical LNG tanker imports. By focusing on this small customer market, Carib is fulfilling a clear need for such countries looking to diversify their fuel supplies. Providing customers in these countries with natural gas/LNG from the United States would relieve their countries' reliance on diesel or heavy fuel oil, which they probably also would have to import. It also would have world-wide environmental benefits as these countries reduce their dependence on diesel or fuel oil and thus reduce the negative environmental impact of their generation fuel. In addition, a supply of clean generation fuel from the United States to these countries would improve our country's trade balance, and would support President Obama's National Export Initiative signed in 2010<sup>22</sup> and the Obama Administration's Caribbean Energy Security Initiative to promote cooperation among the United States and Caribbean nations on energy issues.<sup>23</sup> In sum, as acknowledged by the DOE/FE in *Sabine Pass*, an improvement in natural gas supplies internationally will help countries such as those to which Carib will be exporting LNG that currently have limited sources of natural gas supplies to broaden and diversify their supply base,

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<sup>21</sup> See Meeting the Electricity Supply/Demand Balance in Latin America and the Caribbean, Rigoberto Ariel Yepez-Garda, Todd M. Johnson, and Luis Alberto Andres, The World Bank (September 2010), available at <http://www.esmap.org/esmap/sites/esmap.org/files/REPORT%20LAC%20Electricity%20Challenge%20octubre%202010%20LESMAF%20FINAL.pdf>.

<sup>22</sup> Exec. Order No. 13534, 75 Fed. Reg. 12433 (Mar. 11, 2010).

<sup>23</sup> See Remarks by Vice President Biden on the Caribbean Energy Security Initiative (Jan. 26, 2015), available at <http://www.whitehouse.gov/the-press-office/2015/01/26/remarks-vice-president-biden-caribbean-energy-security-initiative>; see also Caribbean Energy Security Summit Joint Statement (Jan. 26, 2015), available at <https://www.whitehouse.gov/the-press-office/2015/01/26/caribbean-energy-security-summit-joint-statement>.

thereby "contribut[ing] to greater overall transparency, efficiency, and liquidity of international natural gas markets."<sup>24</sup>

Further, unlike very large suppliers of LNG, Carib would be marketing directly to smaller customers. As such, Carib may be able to contract directly with local utilities, industrial, and commercial customers in such countries that would require smaller quantities of LNG and would not otherwise be served by very large suppliers of LNG. Imports of LNG by Carib also would stabilize power production in those countries by providing generators with access to fuel that would serve as a feedstock for power generation facilities and for stand-by power generation.

### **C. Other Public Benefits of the Requested Authorization**

Having the authority and the opportunity to market LNG abroad will enable Carib to foster the development of a domestic natural gas and natural gas by-product market. Developing a robust LNG export market will encourage the development of a market in natural gas liquids such as ethane, propane and condensates that can be substituted for petroleum products made from imported oil, thereby, in effect, reducing United States' dependence on imported oil and further promoting the effort to reduce United States trade imbalances. In fact, the export of natural gas produced in the United States will help to promote new international markets for natural gas, thereby encouraging the development of new, additional productive resources in the United States. These developments may help decouple international natural gas prices and oil prices in some markets and may exert downward pressure on natural gas prices in those markets.

In addition, Carib expects that its export of domestic LNG will encourage the development of jobs in the United States. Qualified domestic transportation companies will be used to transport the LNG from each Facility to port, thereby supporting those businesses. As a

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<sup>24</sup> *Sabine Pass* at 37; *Cheniere Marketing* at 191.

growing company, Carib will also be creating jobs as its marketing and sale of LNG to new markets increases its need for additional sales and administrative staff.

## V. ENVIRONMENTAL IMPACT

As indicated above, FERC has recently disclaimed NGA Section 3 jurisdiction over the Facilities.<sup>25</sup> Other than minor operational changes conducted in the normal course of business, no new construction at the Facilities would be required in order for Carib to export LNG.<sup>26</sup> Accordingly, under Categorical Exclusion B5.7 of NEPA, approval of this Application would not constitute a federal action significantly affecting the human environment within the meaning of NEPA.<sup>27</sup>

## VI. EXPORT SOURCES

Carib requests authority to export LNG produced at existing natural gas liquefaction facilities owned and operated by Pivotal or one of its affiliates. The Facilities are the Trussville LNG facility in Trussville, Alabama; Pivotal's affiliate Chattanooga Gas Company's LNG facility located in Chattanooga, Tennessee; and, subject to any applicable regulatory approvals, other existing natural gas liquefaction facilities, which are owned and operated by Pivotal's affiliate, Atlanta Gas Light Company, and that may serve as an additional source of LNG supply for Carib. Those facilities are the Riverdale LNG facility in Riverdale, Georgia; the Cherokee

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<sup>25</sup> Pivotal's and its affiliate's Facilities from which Carib intends to obtain LNG supplies for export are the Trussville LNG facility in Trussville, Alabama; and the Chattanooga LNG facility in Chattanooga, Tennessee. FERC has ruled that these Facilities, as well as the Riverdale LNG facility in Riverdale, Georgia; the Cherokee LNG facility in Ball Ground, Georgia; the Macon LNG facility in Macon, Georgia will not be subject to its NGA section 3 jurisdiction as LNG Terminals in connection with the export of LNG produced at these Facilities because "LNG produced at the facilities or supplied by a third party would be transported, by means other than interstate pipeline, to the ultimate point of export. *Pivotal LNG, Inc.*, 151 FERC ¶ 61,006, at P 12.

<sup>26</sup> Separate and apart from the sales of LNG contemplated in this application, Pivotal and its affiliates intend to continue domestic LNG operations at the Facilities. As described in Pivotal's Petition for Declaratory Order filed with FERC on April 11, 2014, in Docket No. RP14-732-000, domestic demand growth is expected for LNG, including the potential for new services related to LNG marine bunkering and other heavy fuel, transport applications, and industrial-end use applications. Should this expected additional demand come to fruition, the Facilities may be expanded in the future, consistent with applicable regulatory requirements, if any.

<sup>27</sup> 42 U.S.C. § 4231, *et seq.*; Categorical Exclusion B5.7, 10 C.F.R. Part 1021, Subpart D, Appendix B (2015).

LNG facility in Ball Ground, Georgia; and the Macon LNG facility in Macon, Georgia.<sup>28</sup> These Facilities receive natural gas transported through existing pipeline facilities interconnected to the U.S. interstate pipeline grid.

## **VII. APPENDICES**

The following appendices are included with this Application:

Appendix A	Opinion of Counsel
Appendix B	Verification
Appendix C	Summary of Master LNG Purchase and Sale Agreement
Appendix D	Description of the Facilities
Appendix E	Letter from Pivotal LNG in Support of Carib Energy (USA) LLC's Application

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<sup>28</sup> FERC has recently ruled that these Facilities will not be subject to FERC's NGA section 3 jurisdiction as LNG Terminals in connection with the export of LNG produced at these Facilities because "LNG produced at the facilities or supplied by a third party would be transported, by means other than interstate pipeline, to the ultimate point of export." *Pivotal LNG, Inc.*, 151 FERC ¶ 61,006, at P 12.

**VIII. CONCLUSION**

For the reasons set forth above, Carib respectfully requests that the DOE grant the long-term multi-contract authorization requested herein.

Respectfully submitted,



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*Counsel for  
Carib Energy (USA) LLC*

Dated: March 25, 2016



**APPENDIX A**  
**OPINION OF COUNSEL**

**MICHAEL A. STOSSER**  
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March 24, 2016

Mr. John Anderson, Director  
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Re: Carib Energy (USA) LLC  
Application for Long-Term Authorization to Export Liquefied Natural Gas to  
Non-Free Trade Agreement Countries  
(FE Docket No. 16 - \_\_\_ -LNG)

Dear Mr. Anderson:

This opinion is furnished to you pursuant to Section 590.202(c) of the Department of Energy's Regulations, 10 C.F.R. § 590.202(c) and in connection with the application of Carib Energy (USA) LLC (Carib) for long-term authorization to export liquefied natural gas. I am counsel for Carib. I have reviewed and relied upon the corporation formation documents of Carib and information provided to me by its upstream parent company Crowley Holdings, Inc. Based on the foregoing, and for the purposes of Carib's application to the Office of Fossil Energy, I am of the opinion that the proposed exports as described in the application are within the corporate powers of Carib.

Respectfully submitted,



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*Counsel for Carib Energy (USA) LLC*

**APPENDIX B**  
**VERIFICATION**

UNITED STATES OF AMERICA  
BEFORE THE DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

Carib Energy (USA) LLC

) FE Docket No. 16-\_\_\_\_-LNG

VERIFICATION

The undersigned, being duly sworn, states that he is the authorized representative of Carib Energy (USA) LLC that he is duly authorized to make this Verification; that he has read the foregoing application and is familiar with the contents therein; that all the statements and matters contained therein are true and correct to the best of his information, knowledge and belief; and that he is authorized to execute and file this application with the United States Department of Energy.




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Michael A. Stosser  
Sutherland Asbill & Brennan LLP  
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Email: [michael.stosser@sutherland.com](mailto:michael.stosser@sutherland.com)

*Counsel for Carib Energy (USA) LLC*

Subscribed and sworn to before me  
this 24<sup>th</sup> day of March 2016.

  
\_\_\_\_\_  
Notary Public  
for the State of New York

MARITZA DELIZ NOTARY PUBLIC, STATE OF NEW YORK Registration No. 01DE6096008 Qualified in Kings County Commission Expires July 21, 2019
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My commission expires: July 21, 2019

**APPENDIX C**

**SUMMARY OF MASTER LNG PURCHASE AND SALE AGREEMENT**

Summary of Master Liquefied Natural Gas Purchase and Sale Agreement  
Between Pivotal LNG, Inc. (“Pivotal”) and Carib Energy (USA) LLC

On March 12, 2014, Pivotal LNG, Inc. (“Pivotal”) and Carib Energy (USA) LLC (“Carib”), entered into a Master Liquefied Natural Gas Purchase and Sale Agreement (“Master Agreement”) through which Pivotal will sell, and Carib will purchase, domestically produced liquefied natural gas (“LNG”) on a firm or interruptible basis, pursuant to individual transaction confirmations (“Transaction Confirmation”). Carib serves its customers with LNG sold to it by Pivotal under the Master Agreement. In addition, Carib agrees to only purchase LNG and export LNG to customers located in foreign countries, upon receiving an applicable LNG export authorization from the Department of Energy’s Office of Fossil Energy (“DOE/FE”).

The Master Agreement may be terminated by either party with prior notice, but will remain in effect to accommodate each Transaction Confirmation entered into between Pivotal and Carib, until both parties have fulfilled their obligations with respect to such transactions. Carib has entered into several Transaction Confirmations under this Master Agreement already to supply customers with LNG, however, to date, Carib has not entered into any Transaction Confirmations for the purchase of LNG that is intended for export.

Under the Master Agreement, the service date and the quantity and quality of LNG to be delivered to Carib for each transaction will be specified in each Transaction Confirmation. Pivotal may designate the points of delivery of LNG at the various facilities where Pivotal sources LNG, each of which provide liquefaction services and have the capabilities to load LNG into approved ISO containers transported by trucks. However, Pivotal is not required to deliver LNG in excess of Carib’s maximum truck loading volume per month or more frequently during the delivery month as provided for in the Transaction Confirmation.

The purchase price for LNG is a compilation of a commodity fee, reservation fee, taxes, and a trucking cost adjustment. Each Transaction Confirmation that requires firm service does so on a take-or-pay basis at a price that is the product of a per gallon rate and the number of days in a billing month. The commodity fee is a volumetric, indexed formula rate. The trucking cost adjustment applies in the event that Carib elects to designate certain Delivery Points under the Transaction Confirmation.

The Master Agreement provides for certain periods of planned maintenance, during which the parties have no obligation to sell, deliver, buy or receive LNG. During periods of Force Majeure affecting Carib, the obligation of Carib to pay for any associated Reservation Fees is not excused; however, Carib is entitled to Force Majeure Makeup Quantities delivered subsequently, provided that it pays the commodity price for such quantities. During periods of Force Majeure affecting Pivotal’s ability to deliver firm quantities of LNG, the obligation of Carib to pay Reservation Fees is correspondingly reduced. Once the Force Majeure period ends and Pivotal can resume deliveries of LNG, Carib must make reasonable efforts to take LNG and pay the applicable Reservation and Commodity Fees. Carib is entitled to cover damages for costs incurred by Carib in securing alternative sources of LNG in the event of an unexcused failure by Pivotal to deliver LNG, and Pivotal is entitled to specific liquidated damages in the event of an unexcused failure by Carib to take LNG.

**APPENDIX D**

**DESCRIPTION OF THE FACILITIES**

## APPENDIX D

### DESCRIPTION OF THE FACILITIES

**Trussville LNG Facility:** The Trussville LNG facility is a small-volume LNG production facility located in Trussville, Alabama, owned and operated by Pivotal LNG, Inc. The Trussville LNG facility has a liquefaction capacity of 5,000 thousand cubic feet (“Mcf”) per day (“Mcf/d”) and a storage capacity of 400,000 Mcf. The facility is capable of loading twenty (20) trucks per day. The Trussville LNG facility was built in 1974 and is subject to regulation by the Alabama Public Service Commission.

**Chattanooga LNG Facility:** The Chattanooga LNG facility is an LNG peak shaving facility located in Chattanooga, Tennessee, owned and operated by Chattanooga Gas Company. The Chattanooga LNG facility has a liquefaction capacity of 10,000 Mcf/d, and a storage capacity equivalent to 1.2 billion cubic feet (“Bcf”) of gas. The facility is capable of loading twenty (20) trucks per day. The Chattanooga LNG facility was built in 1972 and is subject to regulation by the Tennessee Regulatory Authority. The Chattanooga LNG facility is also subject to safety regulation by the Federal Energy Regulatory Commission (“FERC”) pursuant to a limited-jurisdiction blanket certificate issued by FERC to Chattanooga Gas Company under NGA Section 7(c). *See E. Tenn. Nat. Gas Co. & Chattanooga Gas Co.*, 53 FERC ¶ 61,225, at 61,942–43 (1990) and *Chattanooga Gas Co.*, 59 FERC ¶ 61,201 (1992).

**Riverdale LNG Facility:** The Riverdale LNG facility is a small-volume LNG production facility located in Riverdale, Georgia, owned and operated by Atlanta Gas Light Company. It has a liquefaction capacity of 10,000 Mcf/d, and a storage capacity equivalent to 2.5 Bcf of gas. The facility is capable of loading of twenty (20) trucks per day. The Riverdale LNG facility was built in 1972 and is subject to regulation by the Georgia Public Service Commission.

**Cherokee LNG Facility:** The Cherokee LNG facility is a small-volume LNG production facility located in Ball Ground, Georgia, owned and operated by Atlanta Gas Light Company. It has a liquefaction capacity of 10,000 Mcf/d, and storage capacity equivalent to 2.0 Bcf of gas. The facility is capable of loading twenty (20) trucks per day. The Cherokee LNG facility was built in 1988 and is subject to regulation by the Georgia Public Service Commission.

**Macon LNG Facility:** The Macon LNG facility is a small-volume LNG production facility located in Macon, Georgia, and owned and operated by Atlanta Gas Light Company. It has a liquefaction capacity of 10,000 Mcf/d, and a storage capacity equivalent to 1.5 Bcf of gas. The facility is capable of loading twenty (20) trucks per day. The Macon LNG facility was built in 1978 and is subject to regulation by the Georgia Public Service Commission.



## APPENDIX E



Pivotal LNG™

An AGL Resources Company

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Houston, TX 77002

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Via E-Mail: fergas@hq.doe.gov

Mr. John A. Anderson  
U.S. Department of Energy (FE-34)  
Office of Natural Gas Regulatory Activities  
Office of Fossil Energy  
ATTN: Docket Room  
Forrestal Building, Room 3E-042  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

**Re: Carib Energy (USA) LLC, FE Docket No. 15-\_\_\_\_-LNG  
Application for Long-Term Non-FTA Authorization**

Dear Mr. Anderson:

Pivotal LNG, Inc. (“Pivotal”) is writing in support of Carib Energy (USA) LLC’s (“Carib”) application to export up to approximately 3.04 billion cubic feet per year of domestically-produced liquefied natural gas (“LNG”) for a 20-year period.

Pivotal owns and operates the Trussville LNG facility, located in Trussville, Alabama, that has a production capability of 60,000 gallons per day. Pivotal has the ability from time to time to source LNG from the Chattanooga LNG facility located in Chattanooga, Tennessee, which is owned and operated by an affiliate, Chattanooga Gas Company, and has a production capability of 120,000 gallons per day. In the future, subject to any applicable regulatory approvals, Pivotal also would have the ability to source LNG from other affiliated facilities located in the southeastern United States as discussed in Carib’s application. On April 2, 2015, Pivotal received an order from the Federal Energy Regulatory Commission (“Commission”) finding that the existing LNG facilities owned by Pivotal and its affiliates produce LNG that would ultimately be exported to foreign nations by a third party would not be subject to the Commission’s National Gas Act section 3 jurisdiction as a LNG Terminal.<sup>1</sup>

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<sup>1</sup> *Pivotal LNG, Inc.*, 151 FERC ¶ 61,006 (2015)

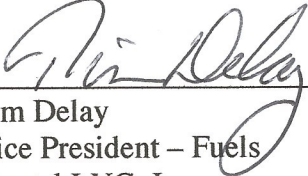
At this time, Pivotal is not contemplating exporting LNG either on its own behalf or on behalf of others, and understands that Carib will be exporting the LNG it purchases from Pivotal to Non-FTA countries.

Pivotal and Carib have entered into a Master Liquefied Natural Gas Purchase and Sale Agreement giving Carib the ability to purchase LNG from Pivotal. Pivotal has committed to sell LNG to Carib for its customers in non-FTA countries.

Pivotal understands that Carib intends to enter into long-term sales agreements with customers in the Caribbean, Central America, and South America. When Carib executes a sales agreement with a sales customer, Pivotal and Carib will execute a confirmation that sets forth the specific terms of the sale and delivery of LNG to each customer.

Pivotal supports Carib's plan to sell LNG to customers in the Caribbean, Central America and South America, providing such customers with a clean alternative to diesel or heavy fuel oil, and supports Carib's application for authorization to export LNG to non-FTA countries.

Thank you,

 3/23/16  
\_\_\_\_\_  
Tim Delay  
Vice President – Fuels  
Pivotal LNG, Inc.  
10 Peachtree Place  
Atlanta, Georgia 30309