



Department of Energy
Washington, DC 20585
November 21, 2016

The Honorable Steven Palazzo
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Palazzo:

Thank you for your letter of September 1st expressing your request for prompt review of the SeaOne Gulfport, LLC (SeaOne) application to export compressed gas liquid (CGL) to non-free trade agreement (non-FTA) countries. I have been asked to respond on Secretary Moniz's behalf.

DOE has authority under the Natural Gas Act (NGA) to regulate natural gas trade for the United States. The law provides two standards of review, section 3(c) for applications to export to free trade agreement (FTA) countries and section 3(a) for applications to export natural gas to non-FTA countries. SeaOne has submitted two applications to the Department of Energy (DOE) seeking long-term authority to export domestically produced CGL. On December 2, 2014, DOE granted SeaOne long-term authorization to export natural gas contained in CGL to FTA countries pursuant to section 3(c) of the Natural Gas Act (NGA).

Concerning the SeaOne application your letter referenced, section 3(a) of the NGA is relevant. Section 3(a) requires DOE to conduct public interest reviews of applications to export natural gas to non-FTA countries and to grant the applications unless DOE finds that the proposed exports will not be consistent with the public interest. In addition, the National Environmental Policy Act (NEPA) requires DOE to consider the environmental impacts of its proposed decisions in applications to export natural gas to non-FTA countries.

On August 5, 2016, SeaOne filed a motion with DOE requesting a final opinion and order authorizing the exports requested in their non-FTA application. On October 7, 2016, SeaOne also filed a petition with DOE for agency action on the application. DOE has carefully considered the arguments made by SeaOne in its original non-FTA application and subsequent filings.

On October 17, 2016, DOE issued Order No. 3905 (Order) to SeaOne in response to their motion and petition. The Order informed SeaOne of DOE's conclusion that the application is not ready for final agency action at this time. Based on the information provided to DOE to date, SeaOne has not established that DOE's approval of the proposed exports from the Gulfport Facility would be eligible for a categorical exclusion under NEPA. DOE cannot take final action on applications to export natural gas to non-FTA countries until the analysis required under NEPA is completed.



If you have any additional questions, please feel free to contact me or Brad Crowell,
Assistant Secretary for Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

A handwritten signature in black ink, appearing to read 'Chris Smith', written in a cursive style.

Christopher A. Smith
Assistant Secretary
Office of Fossil Energy