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OFFICE OF FOSSIL ENERGY**

2:26pm, Nov. 6, 2015

In The Matter Of:

SABINE PASS LIQUEFACTION, LLC

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FE Docket No. 15-171-LNG

**APPLICATION OF SABINE PASS LIQUEFACTION, LLC
FOR BLANKET AUTHORIZATION TO EXPORT LIQUEFIED NATURAL GAS**

Pursuant to Section 3 of the Natural Gas Act (“NGA”),¹ and Part 590 of the Department of Energy’s (“DOE”) regulations,² Sabine Pass Liquefaction, LLC (“Sabine Pass”) hereby requests that DOE, Office of Fossil Energy (“DOE/FE”) issue an order granting blanket authorization for Sabine Pass to engage in short-term exports of liquefied natural gas (“LNG”), from the Sabine Pass Liquefaction Project (“Liquefaction Project”) in Cameron Parish, Louisiana.³ Sabine Pass is herein seeking authorization to export volumes in an amount up to 600 billion cubic feet (“Bcf”) cumulatively over a two-year period commencing the earlier of the date of first short-term export or January 15, 2016 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.

In support of its application, Sabine Pass states as follows:

¹ 15 U.S.C. § 717b (2012).

² 10 C.F.R. Part 590 (2015).

³ The Liquefaction Project is being developed by Sabine Pass and its affiliate, Sabine Pass LNG, L.P., at the existing Sabine Pass LNG import, storage and vaporization terminal in Cameron Parish, Louisiana. The Federal Energy Regulatory Commission (“FERC”) authorized the construction and operation of Stages 1 and 2 of the Liquefaction Project consisting of four LNG production trains (*i.e.*, Trains 1, 2, 3 and 4). *See Sabine Pass Liquefaction, LLC & Sabine Pass LNG, L.P.*, 139 FERC ¶ 61,039 (2012), *reh’g & stay denied*, 140 FERC ¶ 61,076 (2012); *Sabine Pass Liquefaction, LLC & Sabine Pass LNG, L.P., Order Amending Section 3 Authorization*, 144 FERC ¶ 61,099 (2013); *Sabine Pass Liquefaction, LLC & Sabine Pass LNG, L.P., Order Amending Section 3 Authorization*, 146 FERC ¶ 61,117 (2014), *reh’g denied*, 148 FERC ¶ 61,200 (2014) [collectively, hereinafter *FERC Liquefaction Project Orders*].

I.
DESCRIPTION OF THE APPLICANT

The exact legal name of Sabine Pass is Sabine Pass Liquefaction, LLC. Sabine Pass is authorized to do business in Louisiana and Texas, and has its principal place of business in Houston, Texas. Sabine Pass is an indirect subsidiary of Cheniere Energy, Inc. (“Cheniere Energy”), a Delaware corporation with its primary place of business in Houston, Texas. Cheniere Energy is a developer of LNG import and export terminals and natural gas pipelines on the Gulf Coast, including the Liquefaction Project.

II.
COMMUNICATIONS AND CORRESPONDENCE

All correspondence and communications concerning this application, including all service of pleadings and notices, should be directed to the following persons:⁴

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Pursuant to Section 590.103(b) of DOE’s regulations,⁵ Sabine Pass hereby certifies that the persons listed above and the undersigned are the duly authorized representatives of Sabine Pass.

III.
BACKGROUND

To date, DOE/FE has issued three final orders under NGA Section 3 authorizing Sabine Pass to export LNG from Stages 1 and 2 of the Liquefaction Project.⁶ In this regard, Sabine Pass

⁴ Sabine Pass requests waiver of Section 590.202(a) of DOE’s regulations, to the extent necessary to include outside counsel on the official service list in this proceeding. *Id.* § 590.202(a).

⁵ *Id.* § 590.103(b).

is currently authorized to export up to the equivalent of 803 Bcf per year of natural gas, for a twenty-year term, to Non-Free Trade Agreement Nations. Additionally, in order to align its DOE/FE export authorization with the optimized design production capacity of Stages 1 and 2 of the Liquefaction Project as authorized by FERC,⁷ Sabine Pass has submitted an application to DOE/FE requesting long-term, multi-contract authorization to export up to the equivalent of an additional 203 Bcf per year of natural gas, for a twenty-year term, to Non-Free Trade Agreement Nations.⁸ That application is currently pending.

Construction of Train 1 of the Liquefaction Project is nearing completion, with commencement of operations anticipated in early 2016. Construction of the three remaining liquefaction trains comprising Stages 1 and 2 of the Liquefaction Project will be completed on a staggered basis following completion of Train 1.

⁶ *Sabine Pass Liquefaction, LLC, Order Granting Long-Term Authorization to Export Liquefied Natural Gas from Sabine Pass LNG Terminal to Free Trade Nations*, DOE/FE Order No. 2833, FE Docket No. 10-85-LNG (Sept. 7, 2010); *Sabine Pass Liquefaction, LLC, Final Opinion and Order Granting Long-Term Authorization to Export Liquefied Natural Gas from Sabine Pass LNG Terminal to Non-Free Trade Agreement Nations*, DOE/FE Order No. 2961-A, FE Docket No. 10-111-LNG (Aug. 7, 2012), *reh'g and stay denied*, *Sabine Pass Liquefaction, LLC, Opinion and Order Denying Request for Rehearing of Order Denying Motion for Late Intervention, Dismissing Request for Rehearing of Order No. 2961-A, and Dismissing Motion for a Stay Pendente Lite*, DOE/FE Order No. 2961-B, FE Docket No. 10-111-LNG (Jan. 25, 2013); *Sabine Pass Liquefaction, LLC, Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Sabine Pass LNG Terminal in Cameron Parish, Louisiana, to Free Trade Agreement Nations*, DOE/FE Order No. 3595, FE Docket No. 14-92-LNG (Feb. 12, 2015), *Errata Notice*, DOE/FE Order Nos. 3595 & 3384, FE Docket Nos. 14-92-LNG & 13-121-LNG (Feb. 24, 2015) [collectively, hereinafter, *Stages 1 & 2 Orders*].

⁷ *See FERC Liquefaction Project Orders*, *supra* note 3. FERC has issued orders approving a combined maximum production capacity for the four liquefaction trains comprising Stages 1 and 2 of the Liquefaction Project of approximately 20 mtpa, or 1,0006 Bcf/per year. This annual LNG production capacity represents the combined, maximum or peak capacity of the four LNG trains based on the final, optimized design of the Liquefaction Project.

⁸ *Sabine Pass Liquefaction, LLC, Application for Long-Term Authorization to Export Liquefied Natural Gas to Non-Free Trade Agreement Nations*, FE Docket No. 15-63-LNG (Apr. 20, 2015).

IV.
AUTHORIZATION REQUESTED

In anticipation of the start of liquefaction operations at the Liquefaction Project, Sabine Pass is requesting blanket authorization to engage in short-term exports of LNG produced both prior to commercial operations as well as subsequent to commercial operations if and when appropriate market opportunities arise. Sabine Pass requests such blanket authorization to export volumes in an amount up to 600 billion cubic feet (“Bcf”) cumulatively over a two-year period commencing the earlier of the date of first short-term export or January 15, 2016 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.

Sabine Pass is requesting authorization to export LNG for itself and as agent for third parties who themselves may hold title to the LNG at the time of export. Sabine Pass will comply with all DOE/FE requirements for exporters and agents, including the registration requirements as first established in *Freeport LNG Expansion, L.P.*, DOE/FE Order No. 2913, and recently confirmed in *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 3669.⁹ In this regard, Sabine Pass, when acting as agent, will register with DOE/FE each LNG title holder for whom it seeks to export as agent, and will provide DOE/FE with a written statement by the title holder acknowledging and agreeing to: (1) comply with all requirements in Sabine Pass’ export authorization; and (2) include those requirements in any subsequent purchase or sale agreement entered into by the title holder. No additional modifications to the Liquefaction Project are

⁹ See *Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC, Order Granting Long-Term Authorization to Export Liquefied Natural Gas from Freeport LNG Terminal to Free Trade Nations*, DOE/FE Order No. 2913, FE Docket No. 10-160-LNG (Feb. 10, 2011), Errata Notice, DOE/FE Order No. 2913, FE Docket No. 10-160-LNG (Feb. 17, 2011); *Sabine Pass Liquefaction, LLC, Final Opinion and Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Sabine Pass LNG Terminal Located in Cameron Parish, Louisiana, to Non-Free Trade Agreement Nations*, DOE/FE Order No. 3669, FE Docket Nos. 13-30-LNG, 13-42-LNG, & 13-121-LNG (June 26, 2015).

required to accommodate the export authorization requested herein. There are no other proceedings related to this application currently pending before any other federal agency.

V. PUBLIC INTEREST

Pursuant to Section 3 of the NGA, DOE/FE is required to authorize exports to a foreign country unless there is a finding that such exports “will not be consistent with the public interest.”¹⁰ Section 3 thus creates a statutory presumption in favor of approving this application, which opponents bear the burden of overcoming.¹¹ Further, in evaluating an export application, DOE/FE applies the principles described in DOE Delegation Order No. 0204-1111 (which focuses primarily on domestic need for the gas to be exported) and the Secretary’s natural gas policy guidelines.¹² As detailed below, Sabine Pass’ proposal to export LNG on a short-term blanket basis to those countries with the capacity to import LNG via ocean-going carrier and with which trade is not prohibited by U.S. law or policy is consistent with Section 3 of the NGA and DOE/FE policy.

DOE/FE undertook a robust public interest analysis in granting Sabine Pass’ request for long-term multi contract export authorization from Stages 1 and 2 of the Liquefaction Project.¹³ Granting the short-term blanket export authorization as requested herein would provide Sabine Pass, the first entity authorized to construct and place-in service a liquefaction and export facility

¹⁰ 15 U.S.C. 717b.

¹¹ In *Panhandle Producers & Royalty Owners Ass’n v. ERA*, 822 F.2d 1105, 1111 (D.C. Cir. 1987), the court found that Section 3 of the NGA “requires an affirmative showing of inconsistency with the public interest to deny an application” and that a “presumption favoring ... authorization ... is completely consistent with, if not mandated by, the statutory directive.” See also *Indep. Petroleum Ass’n v. ERA*, 870 F.2d 168, 172 (5th Cir. 1989); *Panhandle Producers and Royalty Owners Ass’n v. ERA*, 847 F.2d 1168, 1176 (5th Cir. 1988).

¹² See *New Policy Guidelines and Delegation Orders From Secretary of Energy to Economic Regulatory Administration and Federal Energy Regulatory Commission Relating to the Regulation of Imported Natural Gas*, 49 Fed. Reg. 6,684 (Feb. 22, 1984).

¹³ See *Stages 1 & 2 Orders*, *supra*, note 6.

in the lower-48, with enhanced operational flexibility and the ability to export produced LNG cargoes that may be rejected by customers under one or more long-term contracts. Each of the four liquefaction trains comprising Stages 1 and 2 of the Liquefaction Project will be brought on line on a staggered basis at three to six month intervals, starting in early 2016. Sabine Pass expects that exports pursuant to the authorization requested herein would ramp up over time as each of the four trains begins production.

In granting recent applications for short-term blanket export authorization, DOE/FE has taken administrative notice of publicly-available natural gas supply and demand forecasts by the U.S. Energy Information Administration (“EIA”) to conclude:

Inasmuch as domestic natural gas production levels are projected to reach an amount that well exceeds the amount of natural gas proposed for short-term export in [the] Application, we find that United States consumers will continue to have access to substantial quantities of natural gas sufficient to meet domestic demand from multiple other sources at competitive prices without drawing on the LNG which [the applicant] seeks to export.¹⁴

The most recent EIA projections confirm the adequacy of domestic natural gas supplies to meet demand during the two-year term for which Sabine Pass seeks blanket export authorization. Specifically, the EIA’s *Annual Energy Outlook 2015* projected that total domestic dry natural gas production would increase by 4.76 trillion cubic feet (“Tcf”) per year between 2012 and 2020 (from 24.06 to 28.82 Tcf per year), while total domestic natural gas consumption would only

¹⁴ Eni USA Gas Marketing LLC, *Order Granting Blanket Authorization to Export Previously Imported Liquefied Natural Gas by Vessel 7*, DOE/FE Order No. 3628, FE Docket No. 15-13-LNG (Apr. 23, 2015) [hereinafter *Eni USA 2015 Blanket Order*]; *Sempra LNG Marketing, LLC, Order Granting Blanket Authorization to Export Previously Imported Liquefied Natural Gas by Vessel 6–7*, DOE/FE Order No. 3587, FE Docket No. 14-177-LNG (Jan. 30, 2015) [hereinafter *Sempra 2015 Blanket Order*]; *Chevron U.S.A. Inc., Order Granting Blanket Authorization to Export Previously Imported Liquefied Natural Gas by Vessel 6*, DOE/FE Order No. 3567, FE Docket No. 14-119-LNG (Dec. 22, 2014) [hereinafter *Chevron 2014 Blanket Order*]. See also *Cheniere Marketing, LLC, Order Granting Blanket Authorization to Export Previously Imported Liquefied Natural Gas by Vessel 6–7*, DOE/FE Order No. 3442, FE Docket No. 14-31-LNG (June 6, 2014) [hereinafter *CMI 2014 Blanket Order*].

increase by 0.61 Tcf per year during the same time period (from 25.53 to 26.14 Tcf per year).¹⁵
As such, the requested export authorization is consistent with the public interest.

VI. **ENVIRONMENTAL IMPACT**

No changes to the Liquefaction Project facilities would be required for the short-term exports for which blanket authorization is requested herein. Therefore, consistent with DOE/FE precedent, granting this application would be categorically excluded from National Environmental Policy Act review.¹⁶

VII. **APPENDICES**

The following appendices are attached hereto and incorporated by reference herein:

Appendix A: Verification

Appendix B: Opinion of Counsel

¹⁵ EIA, *Annual Energy Outlook 2015 with Projections to 2040*, (Table A13) A-27 (Apr. 2015), available at [http://www.eia.gov/forecasts/aeo/pdf/0383\(2015\).pdf](http://www.eia.gov/forecasts/aeo/pdf/0383(2015).pdf).

¹⁶ See, e.g., *Eni USA 2015 Blanket Order*, *supra* note 14, at 8-9; *Sempra 2015 Blanket Order*, *supra* note 14, at 7; *Chevron 2014 Blanket Order*, *supra* note 14, at 6-7; *CMI 2014 Blanket Order*, *supra* note 14, at 8.

VIII.
CONCLUSION

For the foregoing reasons, Sabine Pass respectfully requests that DOE/FE grant its request for blanket authorization, as discussed herein, to enable it to export LNG on a short-term basis in an amount up to 600 Bcf cumulatively over a two-year period commencing the earlier of the date of first short-term export or January 15, 2016 from the Liquefaction Project to any country with the ability to import LNG via ocean-going carrier and with which trade is not prohibited by U.S. law or policy. Sabine Pass respectfully requests that DOE/FE grant such authorization as expeditiously as possible but in any event no later than January 6, 2016.

Respectfully submitted,

/s/ Lisa M. Tonery
Lisa M. Tonery
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Mariah T. Johnston
Attorneys for
Sabine Pass Liquefaction, LLC

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Dated: November 6, 2015

Appendix A

VERIFICATION

State of Texas)

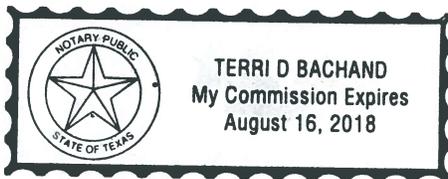
County of Harris)

BEFORE ME, the undersigned authority, on this day personally appeared Patricia Outtrim, who, having been by me first duly sworn, on oath says that she is the Vice President, Governmental and Regulatory Affairs, for Cheniere Energy, Inc. and is duly authorized to make this Verification; that she has read the foregoing instrument and that the facts therein stated are true and correct to the best of her knowledge, information and belief.



Patricia Outtrim

SWORN TO AND SUBSCRIBED before me on the 5th day of November, 2015.





Name: TERRI BACHAND

Title: Notary Public

My Commission expires:

01/16/2018

Appendix B



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November 6, 2015

Office for Oil and Gas Global Security and Supply
U.S. Department of Energy, Office of Fossil Energy
FE-34
1000 Independence Avenue, S.W.
Washington, D.C. 20585

**Re: In the Matter of Sabine Pass Liquefaction, LLC
FE Docket No. 15____-LNG
Application for Blanket Authorization to Export Liquefied Natural Gas**

Dear Sir or Madam:

This opinion of counsel is provided in accordance with the requirements of section 590.202(c) of the U.S. Department of Energy's regulations, 10 C.P.R. § 590.202(c) (2015). I have examined the Limited Liability Company Agreement of Sabine Pass Liquefaction, LLC ("Sabine Pass") and other authorities as necessary, and have concluded that the proposed filing and associated exportation of LNG is within Sabine Pass' corporate powers. Further, Sabine Pass is authorized to do business in Louisiana and Texas, and to engage in foreign commerce.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Sean P. Jamieson", written over a horizontal line. The signature is fluid and cursive.

By: Sean P. Jamieson
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