

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

SEAONE CORPUS CHRISTI, LLC

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FE DOCKET NO. 19-147-CGL

ORDER GRANTING LONG-TERM AUTHORIZATION TO EXPORT
NATURAL GAS CONTAINED IN OR MIXED WITH COMPRESSED GAS LIQUID
TO FREE TRADE AGREEMENT NATIONS IN THE
CARIBBEAN BASIN AND GULF OF MEXICO

DOE/FE ORDER NO. 4486

JANUARY 13, 2020

I. DESCRIPTION OF REQUEST

On November 14, 2019, SeaOne Corpus Christi, LLC (SeaOne) filed an application (Application)¹ with the Office of Fossil Energy (FE) of the Department of Energy (DOE) under section 3 of the Natural Gas Act (NGA)² for long-term, multi-contract authorization to export domestically produced Compressed Gas Liquid (CGL). SeaOne states that CGL is a compressed liquid product consisting of a custom manufactured mixture of hydrocarbon chemicals produced from oil and gas wells.³ SeaOne further states that it is filing the Application “to cover the export of natural gas (methane serving as a proxy for ‘natural gas’) contained in or mixed with CGL.”⁴ SeaOne requests authorization to export natural gas contained in or mixed with CGL in a volume equivalent to approximately 548 billion cubic feet per year (Bcf/yr) of natural gas, or 1.5 Bcf per day (Bcf/d).⁵

SeaOne requests authorization to export this CGL by vessel from the proposed Texas Compressed Gas Liquid Production and Export Facility (Texas Facility), which it intends to develop, site, own, and operate at the existing Port of Corpus Christi, Texas (Port). SeaOne seeks to export this CGL to any country located in or adjoining the Caribbean Basin and the Gulf of Mexico with which the United States currently has, or in the future will have, a free trade agreement (FTA) requiring national treatment for trade in natural gas (FTA countries).⁶ SeaOne

¹ SeaOne Corpus Christi, LLC, Application for Long-Term Authorization to Export Natural Gas Contained in or Mixed with Compressed Gas Liquid, FE Docket No. 19-147-CGL (Nov. 14, 2019) [hereinafter SeaOne App.].

² Authority to regulate the imports and exports of natural gas, including liquefied natural gas (LNG), under section 3 of the NGA (15 U.S.C. § 717b) has been delegated to the Assistant Secretary for FE in Redlegation Order No. 00-002.04G, issued on June 4, 2019.

³ SeaOne App. at 2.

⁴ *Id.*

⁵ *Id.* at 3.

⁶ 15 U.S.C. § 717b(c). 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.

seeks to export the natural gas contained in or mixed with CGL on its own behalf and as agent for other entities who hold title to the commodities contained in CGL at the time of export.⁷ Finally, SeaOne requests an authorization with a 30-year term, to commence on the date of first export.

Pursuant to NGA section 3(c), 15 U.S.C. § 717b(c), this Order grants SeaOne's Application.

II. **BACKGROUND**

Applicant. SeaOne states that it is a Texas limited liability company with its principal place of business in Houston, Texas. SeaOne is a wholly-owned subsidiary of SeaOne Holdings, LLC, a Delaware limited liability company with its principal place of business in Houston, Texas.⁸

We note that SeaOne Holdings, LLC is also the parent company of SeaOne Gulfport, LLC (SeaOne Gulfport) (formerly known as SeaOne Pascagoula, LLC). In FE Docket No. 14-83-CGL, SeaOne Gulfport currently holds a long-term authorization to export natural gas contained in or mixed with CGL by vessel from its proposed CGL production and shipping facility to be located at the Port of Gulfport, Mississippi.⁹ That order, DOE/FE Order No. 3555-A (as amended), approves exports from the proposed Gulfport facility in a volume of 548 Bcf/yr

⁷ SeaOne App. at 3-4.

⁸ *Id.* at 2.

⁹ *SeaOne Pascagoula, LLC*, DOE/FE Order No. 3555, FE Docket No. 14-83-CGL, Order Granting Long-Term, Multi-Contract Authorization to Export by Vessel Natural Gas Contained in or Mixed with Compressed Gas Liquid From the Proposed Pascagoula Compressed Gas Liquid Export Facility to be Located at the Port of Pascagoula, Mississippi, to Free Trade Agreement Nations in the Caribbean Basin and Gulf of Mexico (Dec. 2, 2014), *amended in SeaOne Gulfport, LLC*, DOE/FE Order No. 3555-A, FE Docket No. 14-83-CGL, Order Granting Request to Amend DOE/FE Order No. 3555 to Reflect Changes in Site Location and Corporate Name (Sept. 25, 2015).

(1.5 Bcf per day) to FTA countries located in or adjoining the Caribbean Basin and Gulf of Mexico.¹⁰

Description of CGL. SeaOne states that CGL products “may contain various levels of methane and the process may be utilized as a means of transporting methane and methane/[natural gas liquid] mixtures.”¹¹

In the cover letter to the Application, SeaOne asserts that it does not believe that CGL qualifies as “natural gas” within the meaning of NGA section 3.¹² SeaOne acknowledges, however, “DOE’s position [in the SeaOne Gulfport proceeding] that, to the extent that CGL contains significant quantities of methane intended [for] use as such upon delivery and fractionation from the CGL solution, Section 3 [of the NGA] is applicable.”¹³ Therefore, SeaOne states that it filed the Application in this proceeding out of an abundance of caution “to cover such methane included in CGL exports.”¹⁴

CGL Facility. SeaOne requests authority to export CGL from its proposed Texas Facility, to be located at the Port of Corpus Christi, Texas. SeaOne states that it has entered into land lease negotiations with the Port, as well as with private landowners within the Port.¹⁵

Source of Natural Gas. SeaOne seeks to export CGL derived from domestically produced natural gas sources. SeaOne states that it expects to access either existing or newly built intra-state pipelines, in either case owned and operated by third parties.¹⁶

¹⁰ *See id.* Additionally, SeaOne Gulfport has filed an application in FE Docket No. 16-22-CGL requesting authority to export natural gas contained in or mixed with CGL from its proposed Gulfport facility to any other country with which trade is not prohibited by U.S. law or policy (non-FTA countries), pursuant to NGA section 3(a), 15 U.S.C. § 717b(a). At SeaOne Gulfport’s request, that application is currently in abeyance.

¹¹ SeaOne App. at 2.

¹² *See id.* (Cover Ltr. at 1).

¹³ *Id.*

¹⁴ *Id.*

¹⁵ SeaOne App. at 3.

¹⁶ *See id.* (Cover Ltr. at 2).

Business Model. SeaOne requests this authorization on its own behalf and as agent for other entities that will hold title to the natural gas contained in or mixed with CGL at the time of export. SeaOne states that, although it is currently negotiating with prospective customers, it anticipates that its initial exports of CGL will be delivered to Colombia (a FTA country).¹⁷

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 requesting authority for (a) the import and export of natural gas, including CGL, 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. This Application falls within section 3(c), as amended, and therefore, DOE/FE is charged with granting the requested authorization without modification or delay.¹⁸

(2) In light of DOE/FE's statutory obligation to grant this Application without modification or delay, DOE/FE will authorize the export of natural gas contained in or mixed with CGL (without regard to the Btu content thereof) to the FTA countries requested in the Application. There is no need for DOE/FE to review other arguments asserted by SeaOne in support of the Application. The instant grant of authority should not be read to indicate DOE/FE's views on those arguments.

(3) The countries with which the United States has a FTA requiring national treatment for trade in natural gas currently are: Australia, Bahrain, Canada, Chile, Colombia, Dominican

¹⁷ See *id.* at 3-4; see also *id.* (Cover Ltr. at 1) (stating that SeaOne anticipates that its exports from the Texas Facility will be delivered to power generation facilities to be constructed in Colombia).

¹⁸ 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 CGL, to countries with which the United States does not have a FTA requiring national treatment for trade in natural gas.

Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore.

(4) For purposes of reporting the volume of exports of natural gas contained in or mixed with CGL pursuant to Ordering Paragraph L below, SeaOne shall report, as a proxy for natural gas, the quantity of methane contained in or mixed with CGL in thousand standard cubic feet (Mcf).

(5) SeaOne requests authorization to export on its own behalf and as agent for other entities who hold title at the time of export. DOE/FE previously addressed the issue of Agency Rights in DOE/FE Order No. 2913,¹⁹ which granted Freeport LNG Expansion, L.P., *et al.* (collectively, FLEX) authority to export LNG to FTA countries. In that order, DOE/FE approved a proposal by 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 *The Dow Chemical Company*, which established that the title for all LNG authorized for export must be held by the authorization holder at the point of export.²⁰ We find that the same policy considerations that supported DOE/FE's acceptance of the alternative registration proposal in DOE/FE Order No. 2913 apply here as well.

DOE/FE reiterated its policy on Agency Rights procedures in other authorizations, including *Cameron LNG, LLC*, DOE/FE Order No. 3680.²¹ In that order, DOE/FE determined

¹⁹ *Freeport LNG Expansion, L.P., et al.*, DOE/FE Order No. 2913, FE Docket No. 10-160-LNG, Order Granting Long-Term Authorization to Export Liquefied Natural Gas from Freeport LNG Terminal to Free Trade Nations (Feb. 10, 2011).

²⁰ *The Dow Chemical Company*, DOE/FE Order No. 2859, FE Docket No. 10-57-LNG, Order Granting Blanket Authorization to Export Liquefied Natural Gas, at 7-8 (Oct. 5, 2010), discussed in *Freeport LNG*, DOE/FE Order No. 2913, at 7-8.

²¹ *Cameron LNG, LLC*, DOE/FE Order No. 3680, FE Docket No. 15-36-LNG, Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas By Vessel from the Cameron LNG Terminal in Cameron and Calcasieu Parishes, Louisiana, to Free Trade Agreement Nations (July 10, 2015).

that, in LNG export orders in which Agency Rights have been granted, DOE/FE shall require registration materials filed for, or by, a LNG title-holder (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.²²

To ensure that the public interest is served, this authorization requires that, where SeaOne proposes to export natural gas contained in or mixed with CGL as agent for other entities who hold title (Registrants), SeaOne must register with DOE/FE those entities on whose behalf it will export CGL in accordance with the procedures and requirements described herein.

(6) Section 590.202(b) of DOE's regulations requires applicants to supply transaction specific factual information "to the extent practicable."²³ 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. § 1004.11.²⁴

(7) DOE/FE will require that SeaOne file or cause to be filed with DOE/FE any relevant long-term commercial agreements or contracts pursuant to which SeaOne exports natural gas contained in or mixed with CGL as agent for a Registrant once those agreements or contracts 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

²² *See id.* at 8-9.

²³ 10 C.F.R. § 590.202(b).

²⁴ *Id.* § 590.202(e).

without limitation, a “relevant long-term commercial agreement” would include an agreement with a minimum term of two years.

(8) DOE/FE also will require SeaOne to file any long-term contracts SeaOne enters into providing for the long-term export of natural gas contained in or mixed with CGL on its own behalf from the proposed Texas Facility. 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 regulations²⁵ requires that SeaOne file, or cause to be filed, all long-term contracts associated with the long-term supply of natural gas contained in or mixed with CGL to the Texas Facility, whether signed by SeaOne or the Registrant, within 30 days of their execution.

(10) DOE/FE recognizes that some information in SeaOne’s or a Registrant’s long-term commercial agreements associated with the export of natural gas contained in or mixed with CGL, and/or long-term contracts associated with the long-term supply of natural gas contained in or mixed with CGL to the Texas Facility, may be commercially sensitive. DOE/FE therefore will provide SeaOne the option to file or cause to be filed either unredacted contracts, or in the alternative: (A) SeaOne may file, or cause to be filed, long-term contracts under seal, but it also will file for public posting, within 30 days of the contract execution date, 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

²⁵ *Id.* § 590.202(c).

provisions, and other relevant provisions; and (B) the filing must demonstrate why the redacted or non-disclosed information should be exempted from public disclosure.

To ensure that DOE/FE destination and reporting requirements included in the 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 natural gas contained in or mixed with CGL exported pursuant to the Order shall include an acknowledgement of these requirements.

ORDER

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

A. SeaOne Corpus Christi, LLC (SeaOne) is authorized to export domestically produced natural gas contained in or mixed with Compressed Gas Liquid (CGL) by vessel from the proposed Texas Compressed Gas Liquid Production and Export Facility, to be located at the Port of Corpus Christi, Texas. The volume authorized in this Order is up to the equivalent of 548 Bcf/yr of natural gas for a 30-year term, beginning on the earlier of the date of first export or seven years from the date the authorization is issued (January 13, 2027). SeaOne is authorized to export this natural gas on its own behalf and as agent for other entities who hold title to the natural gas contained in or mixed with CGL, pursuant to one or more long-term contracts (a contract of not greater than two years).

B. This natural gas contained in or mixed with CGL may be exported to any FTA country located in or adjoining the Caribbean Basin and the Gulf of Mexico, provided that the destination nation has the capacity to import the natural gas contained in or mixed with CGL via ocean going vessels. FTA countries are currently identified by DOE/FE at:

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

C. SeaOne 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. (i) SeaOne shall file, or cause others to file, with the Office of Regulation, Analysis, and Engagement a non-redacted copy of all executed long-term contracts associated with the long-term export of natural gas contained in or mixed with CGL from the Texas Facility on its own behalf or as agent for other entities. The non-redacted copies may be filed under seal and must be filed within 30 days of their execution. Additionally, if SeaOne has filed the contracts described in the preceding sentence under seal or subject to a claim of confidentiality or privilege, within 30 days of their execution, SeaOne shall also file, or cause others to file, for public posting either: a) a redacted version of the contracts described in the preceding sentence, or b) major provisions of the contracts. In these filings, SeaOne shall state why the redacted or non-disclosed information should be exempted from public disclosure.

(ii) SeaOne shall file, or cause others to file, with the Office of Regulation, Analysis, and Engagement a non-redacted copy of all executed long-term contracts associated with the long-term supply of natural gas contained in or mixed with CGL to the Texas Facility. The non-redacted copies may be filed under seal and must be filed within 30 days of their execution. Additionally, if SeaOne has filed the contracts described in the preceding sentence under seal or subject to a claim of confidentiality or privilege, within 30 days of their execution, SeaOne shall also file for public posting either: a) a redacted version of the contracts described in the preceding sentence, or b) major provisions of the contracts. In these filings, SeaOne shall state why the redacted or non-disclosed information should be exempted from public disclosure.

E. SeaOne shall include, and require others for whom SeaOne acts as agent to include, the following provision in any agreement or other contract for the sale or transfer of natural gas contained in or mixed with CGL exported pursuant to this Order:

Customer or purchaser acknowledges and agrees that it will resell or transfer natural gas contained in or mixed with Compressed Gas Liquid (CGL) purchased hereunder for delivery only to countries identified in Ordering Paragraph B of DOE/FE Order No. 4486, issued January 13, 2020 in FE Docket No. 19-147-CGL, and/or to purchasers that have agreed in writing to limit their direct or indirect resale or transfer of such natural gas contained in or mixed with CGL to such countries. Customer or purchaser further commits to cause a report to be provided to SeaOne Corpus Christi, LLC that identifies the country (or countries) upon which the exported natural gas contained in or mixed with CGL was actually delivered, and to include in any resale contract for such product the necessary conditions to ensure that SeaOne Corpus Christi, LLC is made aware of all such actual destination countries.

F. SeaOne is permitted to use its authorization in order to act 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 SeaOne with all information necessary to permit SeaOne 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'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.

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. SeaOne shall ensure that all persons required by this Order to register with DOE/FE have done so.

I. Within two weeks after the first export of domestically produced natural gas contained in or mixed with CGL occurs from the proposed Texas Facility, SeaOne shall provide written notification of the date of first export to DOE/FE.

J. SeaOne shall file with the Office of Regulation, Analysis, and Engagement, on a semi-annual basis, written reports describing the progress of the proposed Texas Facility. 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 Texas Facility, the date the Texas Facility is expected to be operational, and the status of the long-term contracts associated with the long-term export of CGL and any long-term supply contracts.

K. With respect to any change in control of the authorization holder, SeaOne must comply with DOE/FE's Procedures for Change in Control Affecting Applications and Authorizations to Import or Export Natural Gas.²⁶ For purposes of this Ordering Paragraph, a "change in control" shall include any change, directly or indirectly, of the power to direct the management or policies of SeaOne, 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

²⁶ See U.S. Dep't of Energy, Procedures for Changes in Control Affecting Applications and Authorizations to Import or Export Natural Gas, 79 Fed. Reg. 65,541 (Nov. 5, 2014).

stockholders, or voting trusts, holding trusts, or debt holdings, or contract, or any other direct or indirect means.²⁷

L. Monthly Reports: With respect to the exports authorized by this Order, SeaOne shall file with the Office of Regulation, Analysis, and Engagement, within 30 days following the last day of each calendar month, a report indicating whether exports of natural gas contained in or mixed with CGL 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 natural gas contained in or mixed with CGL have occurred, the report must give the following details: (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) into which the LNG or natural gas is actually delivered; (6) the name of the supplier/seller; (7) the volume of natural gas contained in or mixed with CGL in thousand standard cubic feet (Mcf), using as a proxy for natural gas the quantity of methane contained in or mixed with CGL in Mcf; (8) the price at point of export in U.S. dollars 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 on Form FE-746R shall be made to the U.S. Department of Energy (FE-34), Office of Fossil Energy, Office of Regulation, Analysis, and Engagement,

²⁷ See *id.* at 65,542.

according to the methods of submission listed on the Form FE-746R reporting instructions available at <https://www.energy.gov/fe/services/natural-gas-regulation>.

Issued in Washington, D.C., on January 13, 2020.

Shawn Bennett
Deputy Assistant Secretary
Office of Oil and Natural Gas