

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY AND CARBON MANAGEMENT

SEAONE CORPUS CHRISTI II, LLC)
_____)

DOCKET NO. 22-62-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/FECM ORDER NO. 4864

AUGUST 25, 2022

I. DESCRIPTION OF REQUEST

On June 23, 2022, SeaOne Corpus Christi II, LLC (SeaOne) filed an Application¹ with the Department of Energy's (DOE) Office of Fossil Energy and Carbon Management (formerly the Office of Fossil Energy)² under section 3 of the Natural Gas Act (NGA)³ 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.⁴ 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."⁵ 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).⁶

SeaOne requests authorization to export this CGL by vessel from its 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).⁷ 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

¹ SeaOne Corpus Christi II, LLC, Application of SeaOne Corpus Christi II, LLC for Long-Term Authorization to Export Natural Gas Contained in or Mixed with Compressed Gas Liquid, Docket No. 22-62-CGL (June 23, 2022) [hereinafter App.].

² The Office of Fossil Energy changed its name to the Office of Fossil Energy and Carbon Management on July 4, 2021.

³ 15 U.S.C. § 717b. The authority to regulate the imports and exports of natural gas, including compressed gas liquid, under section 3 of the NGA has been delegated to the Assistant Secretary for FECM in Redelegation Order No. S4-DEL-FE1-2022, issued on June 13, 2022.

⁴ App. at 2.

⁵ *Id.*

⁶ *Id.* at 3.

⁷ *Id.*

agreement (FTA) requiring national treatment for trade in natural gas (FTA countries).⁸ SeaOne 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.⁹ Finally, SeaOne requests an authorization with a 30-year term, to commence on the date of first export.¹⁰

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 Delaware limited liability company with its principal place of business in Houston, Texas.¹¹ SeaOne is an indirect wholly owned subsidiary of SeaOne Holdings, LLC, also a Delaware limited liability company with its principal place of business in Houston, Texas.¹²

We note that SeaOne Holdings, LLC is also the parent company of SeaOne Gulfport, LLC (SeaOne Gulfport) (formerly known as SeaOne Pascagoula, LLC), and SeaOne Corpus Christi, LLC. DOE previously issued long-term, multi-contract authorizations to Sea One Gulfport and Sea One Corpus Christi, LLC under NGA section 3. These authorizations are as follows:

⁸ *See id.*; 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.

⁹ App. at 3.

¹⁰ *Id.* DOE notes that, effective January 12, 2021, long-term export authorizations contain authority to export the same approved volume of natural gas—including liquefied natural gas, compressed natural gas, and CGL—pursuant to transactions with terms of less than two years, including commissioning volumes, on a non-additive basis. *See* U.S. Dep't of Energy, Including Short-Term Export Authority in Long-Term Authorizations for the Export of Natural Gas on a Non-Additive Basis, 86 Fed. Reg. 2243 (Jan. 12, 2021).

¹¹ App. at 2.

¹² *Id.*

In Docket No. 14-83-CGL, SeaOne Gulfport 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.¹³ That order, DOE/FE Order No. 3555 (as amended), approves exports from the proposed Gulfport facility in a volume of 548 Bcf/yr (1.5 Bcf per day) to FTA countries located in or adjoining the Caribbean Basin and Gulf of Mexico.¹⁴

In Docket No. 19-147-CGL, SeaOne Corpus Christi, LLC holds a long-term authorization to export natural gas contained in or mixed with CGL from the proposed Texas Facility, to be located at the Port of Corpus Christi, Texas. That order, DOE/FE Order No. 4486, approves exports in a volume of 548 Bcf/yr (1.5 Bcf per day) to FTA countries located in or adjoining the Caribbean Basin and Gulf of Mexico.¹⁵

The volume that SeaOne has requested in this application is in addition to the volume authorized at these affiliated projects.¹⁶

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.”¹⁷

¹³ *SeaOne Pascagoula, LLC*, DOE/FE Order No. 3555, 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 by* DOE/FE Order No. 3555-A, (Sept. 25, 2015) (amending authorization to reflect corporate name change to *SeaOne Gulfport, LLC* and to reflect changes in site location).

¹⁴ *See id.* Additionally, SeaOne Gulfport has filed an application in 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.

¹⁵ *SeaOne Corpus Christi, LLC*, DOE/FE Order No. 4486, 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 (Jan. 13, 2020).

¹⁶ *See App.* (Cover Ltr. at 1) (stating that “[d]emand for natural gas contained in CGL in [Caribbean and Gulf] markets is expected to exceed volumes currently authorized for export by SeaOne Corpus Christi, LLC.”).

¹⁷ *App.* at 2.

In the cover letter to its Application, SeaOne asserts that it does not believe that CGL qualifies as “natural gas” within the meaning of NGA section 3.¹⁸ SeaOne acknowledges, however, “DOE’s position 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.”¹⁹ 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.”²⁰

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.²¹

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.”²²

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.²³ SeaOne states that, although it is currently negotiating with prospective customers, it anticipates that its initial deliveries of CGL will be to markets in the western Caribbean basin, including Mexico (an FTA country).²⁴ SeaOne adds that “[d]emand for natural gas contained in CGL in these newly developed markets is expected to exceed volumes currently authorized for export by SeaOne Corpus Christi, LLC”²⁵ in DOE/FE Order No. 4486.

¹⁸ *See id.* (Cover Ltr. at 1).

¹⁹ *Id.* (Cover Ltr. at 1-2).

²⁰ *Id.* (Cover Ltr. at 2).

²¹ App. at 3.

²² *See id.* (Cover Ltr. at 2).

²³ App. at 3.

²⁴ *See id.* at 3-4; *see also id.* (Cover Ltr. at 1).

²⁵ *Id.* (Cover Ltr. at 1).

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 an 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 is charged with granting the requested authorization without modification or delay.²⁶

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

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

²⁶ DOE further finds that the requirements 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 an FTA requiring national treatment for trade in natural gas.

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 previously addressed the issue of Agency Rights in DOE/FE Order No. 2913,²⁷ which granted Freeport LNG Expansion, L.P., *et al.* (collectively, FLEX) authority to export LNG to FTA countries. In that order, DOE approved a proposal by FLEX to register each LNG title holder for whom FLEX sought to export LNG as agent. DOE found that this proposal was an acceptable alternative to the non-binding policy adopted by DOE 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.²⁸ We find that the same policy considerations that supported DOE's acceptance of the alternative registration proposal in DOE/FE Order No. 2913 apply here as well.

DOE reiterated its policy on Agency Rights procedures in other authorizations, including *Cameron LNG, LLC*, DOE/FE Order No. 3680.²⁹ In that order, DOE determined that, in LNG export orders in which Agency Rights have been granted, DOE shall require registration materials filed for, or by, an 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.³⁰

²⁷ *Freeport LNG Expansion, L.P., et al.*, DOE/FE Order No. 2913, 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).

²⁸ *The Dow Chemical Company*, DOE/FE Order No. 2859, 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.

²⁹ *Cameron LNG, LLC*, DOE/FE Order No. 3680, 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).

³⁰ *See id.* at 8-9.

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 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 natural gas import/export regulations requires applicants to supply transaction-specific factual information “to the extent practicable.”³¹ 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. § 1004.11.³²

(7) DOE will require that SeaOne file or cause to be filed with DOE 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 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 without limitation, a “relevant long-term commercial agreement” would include an agreement with a minimum term of two years.

(8) DOE 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 finds that the submission of these contracts

³¹ 10 C.F.R. § 590.202(b).

³² *Id.* § 590.202(e).

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 finds that section 590.202(c) of DOE’s regulations³³ 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 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 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 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 destination and reporting requirements included in the Order are conveyed to subsequent title holders, DOE 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.

³³ *Id.* § 590.202(c).

ORDER

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

A. SeaOne Corpus Christi II, 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 (August 25, 2029). 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 contracts of any duration.³⁴

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. DOE identifies current FTA countries at [https://www.energy.gov/fecm/how-obtain-authorization-import-andor-export-natural-gas-and-
lng](https://www.energy.gov/fecm/how-obtain-authorization-import-andor-export-natural-gas-and-lng).

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.

³⁴ These contracts may include the export of commissioning volumes prior to the start of facility operations on a non-additive basis. See U.S. Dep't of Energy, Including Short-Term Export Authority in Long-Term Authorizations for the Export of Natural Gas on a Non-Additive Basis, 86 Fed. Reg. 2243 (Jan. 12, 2021).

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 must be filed within 30 days of their execution and may be filed under seal, as described above.

(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 must be filed within 30 days of their execution and may be filed under seal, as described above.

E. SeaOne, or others for whom SeaOne acts as agent, shall 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/FECM Order No. 4864, issued August 25, 2022 in Docket No. 22-62-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 II, LLC that identifies the country (or countries) into 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 II, 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. 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, 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, described in Ordering Paragraph D of this Order.

Any change in the registration materials—including changes in company name, contact information, length of the long-term contract, termination of the long-term contract, or other relevant modification—shall be filed with DOE within 30 days of such change(s).

G. 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.

H. 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 any long-term supply and export contracts associated with the long-term export of CGL.

I. With respect to any change in control of the authorization holder, SeaOne must comply with DOE's Procedures for Change in Control Affecting Applications and

Authorizations to Import or Export Natural Gas.³⁵ 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 stockholders, or voting trusts, holding trusts, or debt holdings, or contract, or any other direct or indirect means.³⁶

J. 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 provide the information specified for each applicable activity and mode of transportation, as set forth in the Guidelines for Filing Monthly Reports. These Guidelines are available at: <https://www.energy.gov/fecm/guidelines-filing-monthly-reports>.

(Approved by the Office of Management and Budget under OMB Control No. 1901-0294)

³⁵ 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).

³⁶ See *id.* at 65,542.

K. All monthly report filings on Form FE-746R shall be made to the Office of Regulation, Analysis, and Engagement, according to the methods of submission listed on the Form FE-746R reporting instructions available at <https://www.energy.gov/fecm/regulation>.

Issued in Washington, D.C., on August 25, 2022.

Amy R. Sweeney
Director, Office of Regulation, Analysis, and Engagement
Office of Resource Sustainability