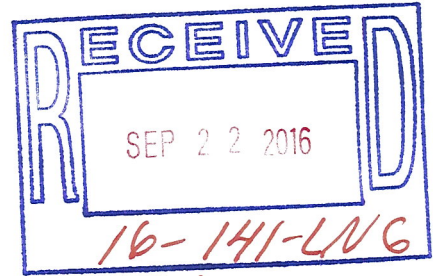


UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY



In The Matter Of:)
)
CHEVRON U.S.A. INC.)
)

Docket No. 16-¹⁴¹-LNG

**APPLICATION OF CHEVRON U.S.A. INC.
FOR BLANKET AUTHORIZATION
TO EXPORT LIQUEFIED NATURAL GAS ON A SHORT-TERM BASIS**

Pursuant to Section 3 of the Natural Gas Act (“NGA”), 15 U.S.C. §717b, and Part 590 of the Department of Energy’s (DOE) regulations, 10 C.F.R. Part 590, Chevron U.S.A. Inc. (Chevron) hereby requests that DOE, Office of Fossil Energy (DOE/FE), issue an order granting blanket authorization for Chevron to engage in short-term exports of up to approximately seventy-two billion cubic feet (72 Bcf), on a cumulative basis, of previously-imported liquefied natural gas (LNG) from foreign sources, for a two-year period commencing December 8, 2016 or as soon thereafter as the authorization is granted. Chevron is seeking authorization to export such previously-imported LNG from the Sabine Pass LNG Terminal, owned by Sabine Pass LNG, L.P., in Cameron Parish, Louisiana to any country with the capacity to import LNG via ocean-going carrier and with which trade is not prohibited by Federal law or policy. Good cause exists to grant the requested authorization for the reasons stated below.

I. DESCRIPTION OF THE APPLICANT

Chevron is a Pennsylvania corporation with its principal place of business in San Ramon, California. Chevron Global Gas is a division of Chevron that engages in the global business of marketing and trading LNG. Chevron has contracted for 1.0 Bcf/day of terminal capacity from

Sabine Pass LNG, L.P. for an initial term of twenty years with the option to extend the term for a period of twenty years. The initial term will expire June 30, 2029. On May 26, 2016, DOE/FE Order no. 3839 granted Chevron blanket authorization to import the equivalent of up to 800 Bcf from various international sources for a two year period beginning on August 1, 2016. Under the terms of the blanket authorization, LNG may be imported at any LNG receiving facility in the United States and its territories.

II. COMMUNICATIONS AND CORRESPONDENCE

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

Brian Ernst
Decision Support Analyst
Chevron Gas and Midstream
1500 Louisiana
Houston, Texas 77002
Phone 832-854-6737
Email BrianErnst@chevron.com

J. Jeannie Myers
Senior Counsel
Chevron Gas and Midstream
1400 Smith St.
Houston, Texas 77002
Phone 713-372-2945
Email JMyers@chevron.com

III. AUTHORIZATION REQUESTED

Chevron requests blanket authorization to export up to 72 Bcf, on a cumulative basis, of previously-imported LNG from foreign sources, over a two year period beginning on December 8, 2016, or as soon thereafter the authorization is granted. Chevron's existing blanket authorization (DOE/FE Order No.3567) to export previously-imported LNG from foreign sources expires on December 7, 2016. Chevron requests that such authorization apply to previously-imported LNG to which Chevron holds title at the time the export occurs. Chevron is seeking such authorization to export previously-imported LNG to any country with the capacity

to import LNG via ocean-going carrier and with which trade is not prohibited by Federal law or policy. Under the authorization sought herein, Chevron does not request the authority to export any domestically-produced natural gas or LNG, although it is possible the previously imported LNG may be commingled in the Sabine Pass LNG Terminal with LNG sourced from domestic gas.

The blanket export authorization requested by Chevron would be applicable to exports from the Sabine Pass LNG Terminal, owned by Sabine Pass LNG, L.P., in Cameron Parish, Louisiana. The DOE/FE has recently granted an authorization for such re-exports from this terminal to Cheniere Marketing LLC in DOE/FE Order No. 3825 on May 26, 2016 (Order 3825). There are no other proceedings related to this application currently pending before the DOE or any other federal agency.

IV. BACKGROUND

In this application, Chevron requests blanket authorization to export previously-imported LNG from foreign sources. Chevron's request is based on its desire to optimize long-term capacity it has contracted for at the Sabine Pass LNG Terminal by responding effectively to periodic changes in domestic and world markets for natural gas and LNG. More specifically, Chevron desires the option to either: (i) export previously-imported LNG to other world markets; or (ii) regassify the imported LNG for sale in domestic markets. Chevron would base any decision related to the sale of imported LNG on prevailing market conditions.

Chevron does not intend to export any LNG when market conditions dictate that the LNG be used to meet domestic needs. Further, granting the blanket authorization to Chevron would

assist Chevron in optimizing its long-term LNG terminal capacity, and would serve the public interest by encouraging future importation of LNG into the United States.

V. PUBLIC INTEREST STANDARD

Pursuant to Section 3 of the NGA, DOE/FE must authorize exports to a foreign country unless there is a finding that such exports “will not be consistent with the public interest.”¹ Accordingly, Section 3 creates a statutory presumption in favor of approval of a properly framed export application.² In evaluating an export application, DOE/FE applies the standards set forth in DOE Delegation Order No. 0204-111, which “focuses primarily on domestic need for the gas to be exported, as described in the Secretary’s natural gas policy guidelines”.³ As detailed below, the blanket export authorization requested by Chevron satisfies the public interest standard of Section 3 of the NGA as construed by the DOE/FE.

A. There is No Domestic Reliance on the Imported LNG that Chevron would Export Pursuant to the Blanket Authorization Requested Herein.

The DOE/FE in its recent Order 3825 took administrative notice that an analysis prepared by the U.S. Energy Information Administration (EIA) in the *Annual Energy Outlook 2015* (AEO 2015), released in April 2015 shows projected annual domestic dry natural gas production in 2020 of 28.82 trillion cubic feet (Tcf), with total natural gas consumption projected to be 26.14 Tcf in the same year.. The analysis by the U.S. Energy Information Administration (EIA) in the *Annual Energy Outlook 2016 Early Release* on May 17, 2016(AEO 2016 Early) projects annual

¹ 15.U.S.C. § 717b(a).

² See *Phillips Alaska Natural Gas Corp. and Marathon Oil Co.*, DOE/FE Opinion and Order No. 1473, 2 FE ¶70,317 at p. 13, n. 42 (April 2, 1999), citing *Panhandle Producers and Royalty Owners Association v. ERA*, 822 F.2d 1105, 1111 (DC Cir. 1987).

³ DOE/FE Order No. 3825 at p.5.

domestic natural gas production to increase at an annual rate of 1.8% over 2015-40, with the United States becoming a net exporter of natural gas in the near future.⁴

The DOE/FE granted Cheniere, an affiliate of Sabine Pass Liquefaction, LLC, blanket authorization to export up to 500 Bcf of previously-imported LNG on May 26 ,2016 in Order 3825. In that order, the DOE/FE stated “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...., we find that United States consumers will continue to have access to substantial quantities of natural gas sufficient to meet domestic demand...”.⁵ In addition Order 3825 cites other blanket authorizations to re-export previously imported gas that have been granted recently.⁶ Given the current conditions of the domestic natural gas industry, and the nature of Chevron’s request, including limiting its request to a short term authority to export previously-imported LNG to which it holds title, in quantities up to 72 Bcf on a cumulative basis, Chevron believes that granting its request will not be inconsistent with the public interest.

B. Granting the Blanket Export Authorization would provide Chevron Market Flexibility

Granting the blanket export authorization requested herein would provide Chevron the option, based on prevailing market conditions, to either: (i) export previously-imported LNG to other world markets, or (ii) regassify the imported LNG for sale in domestic markets. Accordingly, the blanket authorization would provide Chevron the ability to purchase spot-market LNG cargoes for import into the United States, with the possibility of re-exporting the imported LNG.

C. Granting the Blanket Export Authorization Would Not Reduce Domestically-Produced Natural Gas Supplies.

⁴ See EIA, AEO 2016 Early at 52.

⁵ Order 3825 at 6

⁶ *Id.*

Chevron is only seeking the authority to export previously-imported LNG. Chevron is not seeking the authority to export domestically-produced natural gas supplies. Thus, Chevron's request for blanket authorization herein will not reduce domestically-produced natural gas supplies.

VI. ENVIRONMENTAL IMPACT

No modifications to the Sabine Pass LNG Terminal are required to enable the LNG exports requested by Chevron. Therefore, granting this application would not be a federal action significantly affecting the human environment under the National Environmental Policy Act, 42 U.S.C. §4231, *et seq.* Consequently, no environmental impact statement or environmental assessment is required.

VII. APPENDICES

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

Appendix A: Verification.

VIII. CONCLUSION

For the reasons set forth above, Chevron respectfully requests that the DOE/FE issue an order granting Chevron a two-year blanket authorization to export up to approximately 72 bcf on a cumulative basis, of previously-imported liquefied LNG from foreign sources, to any country with the capacity to import LNG via ocean-going carrier and with which trade is not prohibited by Federal law or policy.

Respectfully submitted,



J. Jeannie Myers
Senior Counsel
Chevron Gas and Midstream
1400 Smith St
Houston, TX. 77002
Phone: (713) 372-9245
Email: jmyers@chevron.com

APPENDIX A
VERIFICATION

VERIFICATION

County of Harris)
)
State of Texas)

I Cara Starnes, being duly sworn on her oath, does hereby depose and say that I am the LNG Trading Manager for Chevron Global Gas, a division of Chevron U.S.A. Inc.; that I am familiar with the contents of the foregoing application; and that the matters set forth therein are true and correct to the best of my knowledge, information and belief.

Cara Starnes

20th Sworn to and subscribed before me, a Notary Public, in and for the State of Texas, this day of September, 2016.

Betty Zeagler
Notary Public

My Commission expires:

