UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

CHEVRON U.S.A., INC.	)	FE DOCKET NO. 16-141-LNG

ORDER GRANTING BLANKET AUTHORIZATION TO EXPORT PREVIOUSLY IMPORTED LIQUEFIED NATURAL GAS BY VESSEL

DOE/FE ORDER NO. 4007

MARCH 28, 2017

I. SUMMARY

Following an examination of the record evidence in this proceeding pursuant to the requirements of section 3 of the Natural Gas Act (NGA), 15 U.S.C. § 717b, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486); DOE's regulations, 10 C.F.R. Part 590; and applicable delegations and redelegations of authority,[1] the Office of Fossil Energy (FE) of the Department of Energy (DOE) is herein granting the application of Chevron U.S.A., Inc. (Chevron), filed on September 22, 2016 (Application).[2]

This authorization grants Chevron's request to export liquefied natural gas (LNG) previously imported into the United States from foreign sources in a volume equivalent to approximately 72 billion cubic feet (Bcf) of natural gas on a cumulative basis. Chevron is authorized to export this LNG by vessel from the Sabine Pass LNG Terminal owned by Sabine Pass LNG, L.P., in Cameron Parish, Louisiana (Sabine Pass LNG Terminal), on a short-term or spot market basis for a two-year period commencing on March 28, 2017.[3] Chevron is authorized to export this LNG 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. This Order does not authorize Chevron to export domestically produced LNG.

---

[1] The authority to regulate the imports and exports of natural gas, including liquefied natural gas, under section 3 of the NGA (15 U.S.C. § 717b) has been delegated to the Assistant Secretary for FE in Redelegation Order No. 00-006.02, issued on Nov. 17, 2014.

[2] Chevron U.S.A, Inc., Application for Blanket Authorization to Export Liquefied Natural Gas on a Short-Term Basis, FE Docket No. 16-141-LNG (Sept. 22, 2016) [hereinafter App.].

[3] Chevron's current blanket authorization to export LNG previously imported from foreign sources, granted in DOE/FE Order No. 3567 on December 22, 2014, extends through December 7, 2016. *See Chevron U.S.A, Inc.*, FE Docket No. 14-119-LNG, Order Granting Blanket Authorization to Export Previously Imported Liquefied Natural Gas by Vessel (Dec. 22, 2014).

II. BACKGROUND

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 states that it has contracted with Sabine Pass LNG, L.P. for 1.0 Bcf/day of terminal capacity at the Sabine Pass LNG Terminal for an initial term of 20 years that will expire on June 30, 2029.

Procedural History. As noted above (*supra* note 3), DOE/FE previously issued Order No. 3567, in which it authorized Chevron to export LNG previously imported from foreign sources in a volume equivalent to approximately 72 Bcf of natural gas on a cumulative basis over a two-year period commencing on December 8, 2014, and extending through December 7, 2016.[4] Chevron was authorized to export this LNG by vessel from the Sabine Pass LNG Terminal 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.

Additionally, on May 26, 2016, DOE/FE issued Order No. 3839, in which it authorized Chevron to import LNG from various international sources up to a total volume equivalent to approximately 800 Bcf of natural gas for a two-year term commencing on August 1, 2016, and extending through July 31, 2018.[5] Under the terms of that authorization, Chevron may import the LNG at any LNG receiving facility in the United States and its territories.

In this proceeding, Chevron filed the Application on September 22, 2016. On November 21, 2016, DOE/FE published a Notice of Application in the Federal Register.[6] The Notice of

---

[4] *See id.*

[5] *Chevron U.S.A., Inc.,* DOE/FE Order No. 3839, FE Docket No. 16-66-LNG, Order Granting Blanket Authorization to Import Liquefied Natural Gas from Various International Sources by Vessel (May 26, 2016).

[6] *Chevron U.S.A, Inc.*, Application for Blanket Authorization to Export Previously Imported Liquefied Natural Gas on a Short-Term Basis, 81 Fed. Reg. 83,232 (Nov. 21, 2016).

Application stated that comments, protests, motions to intervene, and notices to intervene would be due no later than December 21, 2016. DOE/FE received no filings in response to the Notice of Application.

III. CURRENT APPLICATION

Chevron requests authorization to export LNG previously imported into the United States from foreign sources in a volume equivalent to approximately 72 Bcf of natural gas on a cumulative basis beginning on December 8, 2016, or when this authorization is granted. Chevron notes that it is not seeking authorization to export domestically-produced natural gas or LNG. Chevron states that it plans to export the LNG from the Sabine Pass LNG Terminal to any country with the capacity to import the LNG via ocean-going carrier and with which trade is not prohibited by U.S. law or policy.

Chevron proposes to export LNG that is surplus to the demands of U.S. markets during the period of the requested authorization. Chevron asserts that the proposed exports will not require any modifications to the Sabine Pass LNG Terminal. Chevron further asserts that there are no other proceedings related to this Application currently pending before DOE.

Citing DOE/FE's findings in its prior blanket authorization (DOE/FE Order No. 3567) as well as findings in similar proceedings, Chevron asserts that the proposed export of previously imported foreign-sourced LNG is consistent with section 3 of the NGA and with DOE/FE policy.

IV. DECISION

A. Standard of Review

Pursuant to the transfer of authorities under sections 301(b) and 402 of the DOE Organization Act, 42 U.S.C. § 7151(b) and 42 U.S.C. § 7172, DOE/FE is responsible for evaluating the instant application under section 3 of the NGA. Section 3(a) provides:

> [N]o person shall export any natural gas from the United States to a foreign country or import any natural gas from a foreign country without first having secured an order of the [Secretary of Energy] authorizing it to do so. The [Secretary] shall issue such order upon application, unless after opportunity for hearing, [he] finds that the proposed exportation or importation will not be consistent with the public interest. The [Secretary] may by [the Secretary's] order grant such application, in whole or part, with such modification and upon such terms and conditions as the [Secretary] may find necessary or appropriate.

15 U.S.C. § 717b(a).

In evaluating an export application under this standard, DOE/FE applies the principles described in DOE Delegation Order No. 0204-111, which focus primarily on domestic need for the gas to be exported, as described in the Secretary's natural gas policy guidelines,[7] and any other matters determined to be appropriate to a determination of the public interest. In addition, the National Environmental Policy Act (NEPA), 42 U.S.C. § 4321 *et seq.,* requires DOE to give appropriate consideration to the environmental effects of its proposed decisions.

B. Domestic Need

Chevron's Application involves a request for authorization to export LNG that was previously imported into the United States from foreign sources. Exporting this proposed volume of LNG will not reduce the availability of domestically produced natural gas. On the other hand, exporting previously imported LNG could affect the domestic natural gas market because, for the requested two-year export period, the proposed exports will reduce the volume of natural gas potentially available for consumption within the United States.

DOE/FE has issued numerous blanket authorizations to export previously imported LNG in other proceedings.[8] These orders were based, in part, on authoritative data indicating that

---

[7] New Policy Guidelines and Delegations Order Relating to Regulation of Imported Natural Gas, 49 Fed. Reg. 6684 (Feb. 22, 1984).

[8] *See, e.g., Cheniere Marketing, LLC,* DOE/FE Order No. 3825, FE Docket No. 16-29-LNG, Order Granting Blanket Authorization to Export Previously Imported Liquefied Natural Gas by Vessel (May 26, 2016).

United States consumers have access to substantial quantities of natural gas sufficient to meet domestic demand from other competitively-priced sources. Specifically, DOE takes administrative notice of an analysis prepared by the U.S. Energy Information Administration (EIA) in the *Annual Energy Outlook 2017*, released in January 2017, showing projected annual domestic dry natural gas production in 2020 of 30.79 trillion cubic feet (Tcf), with total natural gas consumption projected to be 27.32 Tcf in the same year.[9]

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 Chevron's 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 Chevron seeks to export.

C. Other Public Interest Considerations

Domestic need is the only explicit public interest consideration identified by DOE in Delegation Order No. 0204-111. However, consistent with DOE's Guidelines and DOE/FE precedent, DOE/FE considers the potential effects of proposed exports on other aspects of the public interest. Those considerations include environmental factors.

D. Environmental Review

NEPA requires DOE to give appropriate consideration to the environmental effects of its proposed decisions. As noted above, Chevron states that the proposed export of previously imported LNG would require no new construction or modifications to the Sabine Pass LNG Terminal. Under these circumstances, DOE's NEPA regulations provide for a categorical exclusion for which neither an environmental assessment (EA) nor an environmental impact

---

[9] *See Annual Energy Outlook 2017 Reference Case,* Table 13: Natural Gas Supply, Disposition, and Prices, *available at*: https://www.eia.gov/outlooks/aeo/data/browser/#/?id=13-AEO2017&cases=ref2017&sourcekey=0.

statement (EIS) is required—specifically, categorical exclusion B5.7 (10 C.F.R. Part 1021, Subpart D, Appendix B5).[10] Accordingly, DOE issued a categorical exclusion, dated March 28, 2017, which found that Chevron's proposed exports are categorically excluded from further NEPA review.[11]

F. Conclusion

After due consideration based on all facts and evidence of record, DOE/FE finds that a grant of the export application is not inconsistent with the public interest. In particular, the record shows that there is a sufficient supply of natural gas to satisfy domestic demand from multiple other sources at competitive prices without drawing on Chevron's proposed exports during the two-year authorization period. Further, the proposed exports qualify for a categorical exclusion under NEPA, such that no EA or EIS will be required. DOE/FE therefore grants Chevron's Application, as set forth below.

ORDER

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

A. Chevron U.S.A., Inc. is authorized to export LNG previously imported from foreign sources in a volume equivalent to 72 Bcf of natural gas pursuant to transactions that have terms of no longer than two years. This authorization shall be effective for a two-year term beginning on March 28, 2017, and extending through March 27, 2019.

[10] *See* 10 C.F.R. § 1021.410 Appendix B to Subpart D of Part 1021, Categorical Exclusion B5.7 ("Approvals or disapprovals of new authorizations or amendments of existing authorizations to import or export natural gas under section 3 of the Natural Gas Act that involve minor operational changes (such as changes in natural gas throughput, transportation, and storage operations) but not new construction.").

[11] U.S. Dep't of Energy Categorical Exclusion Determination, Chevron U.S.A., Inc., FE Docket No. 16-141-LNG (March 28, 2017).

B. This LNG may be exported by vessel from the Sabine Pass LNG Terminal to any country with the capacity to import ocean-going LNG carriers and with which trade is not prohibited by U.S. law or policy.

C. Chevron shall include the following provision in any contract for the sale or transfer of LNG exported pursuant to this Order:

> Customer or purchaser acknowledges and agrees that it will resell or transfer LNG purchased hereunder for delivery only to countries with the capacity to import ocean-going LNG carriers and with which trade is not prohibited by U.S. law or policy, and/or to purchasers that have agreed in writing to limit their direct or indirect resale or transfer of such LNG to such countries. Customer or purchaser further commits to cause a report to be provided to Chevron U.S.A., Inc. that identifies the country (or countries) into which the exported LNG was actually delivered and/or received for end use, and to include in any resale contract for such LNG the necessary conditions to insure that Chevron U.S.A., Inc. is made aware of all such countries.

D. **Monthly Reports:** With respect to the export of LNG authorized by this Order, Chevron shall file with the Office of Regulation and International Engagement, within 30 days following the last day of each calendar month, a report indicating whether exports of LNG have been made. Monthly reports must be filed whether or not initial deliveries have begun. If no exports have been made, a report of "no activity" for that month must be filed. If exports of LNG have occurred, the report must give the following details of each LNG cargo: (1) the name of the U.S. export terminal; (2) the name of the LNG tanker; (3) the date of departure from the U.S. export terminal; (4) the country (or countries) into which the LNG is actually delivered and/or received for end use; (5) the name of the supplier/seller; (6) the volume in Mcf; (7) the price at point of export per million British thermal units (MMBtu); (8) the duration of the supply agreement (indicate spot sales); and (9) the name(s) of the purchaser(s).

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

E. The first monthly reports required by this Order is due not later than April 30, 2017, and should include the reporting period from March 28, 2017, through March 31, 2017.

F. All monthly report filings shall be made to U.S. Department of Energy (FE-34), Office of Regulation and International Engagement, Office of Fossil Energy, P.O. Box 44375, Washington, D.C. 20026-4375, Attention: Natural Gas Reports. Alternatively, reports may be e-mailed to ngreports@hq.doe.gov, or may be faxed to Natural Gas Reports at (202) 586-6050.

Issued in Washington, D.C., on March 28, 2017.

John A. Anderson
Director, Office Regulation and International Engagement
Office of Oil and Natural Gas