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By DOE/FE at 2:11 pm, Mar 23, 2018

**UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY**

18-35-LNG

**In The Matter Of:**

**SABINE PASS LIQUEFACTION, LLC**

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)

FE Docket No. 18-<sup>35</sup><sub>35</sub>-LNG

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

Pursuant to Section 3 of the Natural Gas Act (“NGA”)<sup>1</sup> and Part 590 of the Department of Energy’s (“DOE”) regulations,<sup>2</sup> Sabine Pass Liquefaction, LLC (“SPL”) hereby requests that DOE, Office of Fossil Energy (“DOE/FE”), issue an order granting blanket authorization for SPL to engage in short-term exports of up to 500 billion cubic feet (“Bcf”) (which is the equivalent of up to approximately 525 to 545 Trillion British Thermal units (“TBtus”)) of liquefied natural gas (“LNG”), on a cumulative basis, that has been imported into the U.S. from foreign sources, for a two-year period commencing on June 7, 2018, which is the day following the date upon which its affiliate Cheniere Marketing, LLC’s (“CMI”) existing blanket re-export authorization<sup>3</sup> is scheduled to expire. SPL is seeking authorization to export 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 U.S. law or policy.

<sup>1</sup> 15 U.S.C. § 717b (2012).

<sup>2</sup> 10 C.F.R. Part 590 (2017).

<sup>3</sup> On May 26, 2016, in DOE/FE Order No. 3825 (“Order No. 3825”), DOE/FE authorized CMI to engage in short-term exports of up to 500 Bcf, on a cumulative basis, of LNG that has been imported into the United States from foreign sources to any country with the capacity to accept LNG via ocean-going carrier and with which trade is not prohibited by U.S. law or policy, for a two-year period commencing June 7, 2016. *Cheniere Marketing, LLC*, DOE/FE Order No. 3825 (May 26, 2016).

In support of its application, SPL states as follows:

**I.**  
**DESCRIPTION OF THE APPLICANT**

The exact legal name of SPL is Sabine Pass Liquefaction, LLC. SPL is authorized to do business in Louisiana and Texas, and has its principal place of business in Houston, Texas. SPL 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 terminals and natural gas pipelines on the Gulf Coast, including the Sabine Pass LNG terminal.

**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:<sup>4</sup>

Tim Wyatt  
Karri Mahmoud  
Cheniere Energy, Inc.  
700 Milam Street, Suite 1900  
Houston, TX 77002  
(713) 375-5000 (phone)  
[tim.wyatt@cheniere.com](mailto:tim.wyatt@cheniere.com)  
[karri.mahmoud@cheniere.com](mailto:karri.mahmoud@cheniere.com)

Lisa M. Tonery  
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Orrick, Herrington & Sutcliffe LLP  
51 West 52<sup>nd</sup> Street  
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Pursuant to Section 590.103(b) of DOE/FE’s regulations,<sup>5</sup> SPL hereby certifies that the persons listed above and the undersigned are the duly authorized representatives of SPL.

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<sup>4</sup> SPL 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. 10 C.F.R. § 590.202(a).

<sup>5</sup> *Id.* § 590.103(b).

### **III.** **DESCRIPTION OF PROPOSAL**

SPL requests blanket authorization to export previously imported LNG on a short-term or spot market basis up to 500 Bcf (the equivalent of approximately 525 to 545 TBtus) cumulatively over a two-year period commencing on June 7, 2018. SPL is requesting authorization to export LNG for itself and as agent for third parties who may hold title to the LNG at the time of export. SPL anticipates exporting previously imported 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. SPL is not herein seeking authorization to export domestically-produced natural gas or LNG. The LNG that is proposed to be exported is derived from SPL's LNG importing activities and resides in LNG storage tanks at the Sabine Pass LNG terminal. That LNG will either be re-exported or re-gasified to be consumed in the domestic natural gas market, contingent on U.S. and global market price signals. No physical modifications to the Sabine Pass LNG terminal are required to accommodate the export authorization requested herein. There are no other proceedings related to this application currently pending before DOE or any other federal agency.

### **IV.** **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.”<sup>6</sup> Section 3 thus creates a statutory presumption in favor of approval of this application which opponents bear the burden of overcoming.<sup>7</sup> Further, in evaluating an export application, DOE/FE

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<sup>6</sup> 15 U.S.C. § 717b.

<sup>7</sup> In *Panhandle Producers and Royalty Owners Ass'n v. ERA*, 822 F.2d 1105, 1111 (D.C. Circ. 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

applies the principles described in DOE Delegation Order No. 0204-111, which focuses primarily on domestic need for the gas to be exported, and the Secretary's natural gas policy guidelines.<sup>8</sup> As detailed below, SPL's proposal to export LNG 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's policy.

In Order No. 3825, which granted CMI blanket authorization to export up to 500 Bcf (cumulatively) of previously imported foreign-sourced LNG, DOE/FE determined that the record showed sufficient supply of natural gas to satisfy domestic demand from multiple other sources at competitive prices without relying on the volumes of imported LNG that CMI would seek to export.<sup>9</sup> More recently, in DOE/FE Order No. 4054 ("Order No. 4054") issued on June 27, 2017, DOE/FE made the same finding in granting Freeport LNG Development, L.P. ("Freeport LNG") blanket authority to export 24 Bcf of previously imported LNG from the Freeport LNG terminal on Quintana Island, Texas.<sup>10</sup> In Order No. 4054, DOE/FE stated 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 Freeport LNG seeks to export."<sup>11</sup>

Similarly, in Order No. 4054, as well as in other blanket authorizations issued in recent years, DOE/FE authorized the export of previously imported LNG, in each case citing authoritative

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mandated by, the statutory directive." *See also Independent Petroleum Ass'n v. ERA*, 870 F.2d 168, 172 (5<sup>th</sup> Cir. 1989); *Panhandle Producers and Royalty Owners Ass'n v. ERA*, 847 F.2d 1168, 1176 (5<sup>th</sup> Cir. 1988).

<sup>8</sup> *See* 49 Fed. Reg. 6684 (Feb. 22, 1984).

<sup>9</sup> *Cheniere Marketing, LLC*, DOE/FE Order No. 3825.

<sup>10</sup> *Freeport LNG Development, L.P.*, DOE/FE Order No. 4054 (June 27, 2017).

<sup>11</sup> *Id.* at 6-7.

data that substantiates U.S. consumer access to ample volumes of natural gas to meet domestic demand from multiple other competitively priced sources.<sup>12</sup> In Order No. 4054, DOE/FE took administrative notice that the Energy Information Administration (“EIA”) Annual Energy Outlook 2017 (“*AEO2017*”) shows annual domestic dry natural gas production increasing to a projection of 30.79 Tcf by 2020.<sup>13</sup> Consumption in 2020 is projected to be 27.32 Tcf.<sup>14</sup> In this regard, DOE/FE found that *AEO2017* and the record of evidence supporting each of the similar authorizations granted, support the conclusion that the volumes of foreign-sourced LNG that the relevant applicants have sought to export are not needed to meet domestic demand.<sup>15</sup>

SPL is requesting authorization to export LNG for itself and as agent for third parties who themselves hold title to the LNG at the time of export. SPL 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 confirmed in *Gulf Coast LNG Export, LLC*, DOE/FE Order No. 3163.<sup>16</sup> In this regard, SPL, 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 (i) comply with all requirements in SPL’s export authorization; and (ii) include those requirements in any subsequent purchase or sale agreement entered into by the title holder.

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<sup>12</sup> *Id.* See also *Chevron U.S.A. Inc.*, DOE/FE Order No. 4007 (March 28, 2017).

<sup>13</sup> *Freeport LNG Development, L.P.*, DOE/FE Order No. 4054 at 6.

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> See *Freeport LNG Expansion, L.P. & FLNG Liquefaction, LLC*, DOE/FE Order No. 2913 (Feb. 10, 2011), *Errata* (Feb. 17, 2011); *Gulf Coast LNG Export, LLC*, DOE/FE Order No. 3163 (Oct. 16, 2012).

Granting SPL's short-term blanket authorization as requested herein would provide SPL with the necessary flexibility it requires to respond to changes in domestic and global markets for natural gas and LNG. Such authorization would enable SPL to avail itself of spot-market LNG import cargoes, which in turn would help to further promote the liquidity of supply available to the U.S. market. Natural gas derived from imported LNG would be available to supply local markets when conditions support greater domestic use, and would thereby serve to moderate U.S. gas price volatility. Furthermore, the ability to re-export previously imported LNG helps to encourage continued imports, which in turn helps to ensure that the Sabine Pass LNG terminal facilities will more efficiently remain in ready operating condition. As such, the requested export authorization is consistent with the public interest.

## **V. ENVIRONMENTAL IMPACT**

No changes to the Sabine Pass LNG terminal facilities would be required for SPL's proposed exportation of foreign-sourced LNG. Consequently, granting this application will not be a federal action significantly affecting the human environment within the meaning of the National Environmental Policy Act.<sup>17</sup> Therefore, an environmental impact statement or environmental assessment is not required.

## **VI. APPENDICES**

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

Appendix A: Verification

Appendix B: Opinion of Counsel

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<sup>17</sup> 42 U.S.C. § 4231, *et seq.* (2012).

**VII.**  
**CONCLUSION**

For the foregoing reasons, SPL respectfully requests that DOE/FE determine that SPL's request for blanket authorization as discussed herein, to enable it to export foreign-sourced LNG from the Sabine Pass LNG terminal 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, is not inconsistent with the public interest and grant such authorization as expeditiously as possible but no later than May 30, 2018.

Respectfully submitted,

*/s/ Lisa M. Toney* \_\_\_\_\_  
Lisa M. Toney  
Mariah T. Johnston  
*Attorneys for*  
*Sabine Pass Liquefaction, LLC*

Dated: March 23, 2018

## Appendix A



**VERIFICATION**

State of Texas )

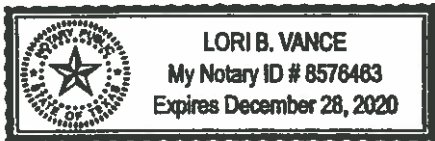
County of Harris )

BEFORE ME, the undersigned authority, on this day personally appeared Tim Wyatt, who, having been by me first duly sworn, on oath says that he is the Vice President, Commercial Operations, for Cheniere Energy, Inc. and is duly authorized to make this Verification; that he has read the foregoing instrument and that the facts therein stated are true and correct to the best of his knowledge, information and belief.



\_\_\_\_\_  
Tim Wyatt  
Vice President, Commercial Operations

SWORN TO AND SUBSCRIBED before me on the 22nd day of March, 2018.



Lori B. Vance

Name: Lori B. Vance

Title: Notary Public

My Commission expires:

## Appendix B



Cheniere Energy, Inc.  
700 Milam Street, Suite 1900  
Houston Texas 77002  
phone: 713.375.5000  
fax: 713.375.6000

March 22, 2018

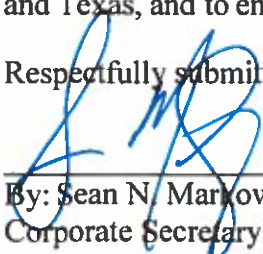
Office for Oil and Gas Global Security and Supply  
U.S. Department of Energy, Office of Fossil Energy  
FE-34  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

**Re: In the Matter of Sabine Pass Liquefaction, LLC  
FE Docket No. 18\_\_\_\_-LNG  
Application for Blanket Authorization to Engage in  
Short-Term Exports of Previously Imported LNG**

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.F.R. § 590.202(c) (2017). I have examined the Limited Liability Company Agreement of Sabine Pass Liquefaction, LLC ("SPL") and other authorities as necessary, and have concluded that the proposed exportation of LNG is within SPL's corporate powers. Further, SPL is authorized to do business in Louisiana and Texas, and to engage in foreign commerce.

Respectfully submitted,

  
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By: Sean N. Markowitz  
Corporate Secretary  
Sabine Pass Liquefaction, LLC  
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Houston, TX 77002  
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