

**RECEIVED**

By Docket Room at June 15, 2018@ 4:17 pm



June 15, 2018

BP Energy Company  
201 Helios Way  
Houston, Texas 77079  
Phone 713-323-6353  
Email: [betsy.carr@bp.com](mailto:betsy.carr@bp.com)

*Via Electronic Submission*

Ms. Larine A. Moore  
Docket Room Manager  
Division of Natural Gas Regulation  
Office of Regulation and International Engagement  
Office of Fossil Energy  
U.S. Department of Energy  
1000 Independence Ave. SW  
Washington, DC 20585  
[Larine.moore@hq.doe.gov](mailto:Larine.moore@hq.doe.gov)

**Re: *BP Energy Company*, Docket No. 18-69-LNG  
Application for Blanket Authorization to Export Liquefied Natural Gas  
on a Short-Term Basis**

Dear Ms. Moore:

Pursuant to Section 3 of the Natural Gas Act, 15 U.S.C. § 717b, and Part 590 of the regulations of the Department of Energy, 10 CFR Part 590 (2017), BP Energy Company hereby files its Application for Blanket Authorization to Export Liquefied Natural Gas on a Short-Term Basis. The filing fee of \$50 required by 10 CFR 590.207 (2017) is being submitted under separate cover.

Thank you for your attention to this matter. If you have any questions regarding this filing, please contact the undersigned at (713) 323-6353.

Respectfully submitted,

A handwritten signature in blue ink that reads "Betsy Carr".

Betsy Carr  
Attorney for BP Energy Company

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

<b>In the Matter Of:</b>	§	<b>Docket No. 18-<u>69</u>-LNG</b>
	§	
<b>BP ENERGY COMPANY</b>	§	
	§	

**APPLICATION OF BP ENERGY COMPANY  
FOR BLANKET AUTHORIZATION  
TO EXPORT LIQUIFIED 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, BP Energy Company (BPEC) hereby requests that DOE, Office of Fossil Energy (DOE/FE), issue an order granting blanket authorization for BPEC for itself and as agent for third parties to engage in short-term exports of up to approximately thirty billion cubic feet (30 Bcf), on a cumulative basis, of previously imported liquefied natural gas (LNG) from foreign sources, for a two-year period commencing July 15, 2018 or as soon thereafter as the authorization is granted. BPEC is seeking authorization to export such previously imported LNG from the Dominion Energy Cove Point LNG, LP, liquefied natural gas import terminal (Cove Point) in Calvert County, Maryland 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**

BPEC is a Delaware corporation with its principal place of business in Houston, Texas. BPEC is a wholly owned indirect subsidiary of BP America Inc. BPEC is in the global business of marketing and trading LNG. BPEC has contracted for 0.333 Bcf/day of import capacity from Cove Point a primary term of 20 years. The primary term will expire

August 18, 2023. On June 13, 2016, DOE/FE Order No. 3850 granted BPEC blanket authorization to import the equivalent of up to 1,200 Bcf of natural from various international sources for a two year period beginning on August 22, 2016.<sup>1</sup> 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:

James Busch  
Senior Regulatory Advisor  
201 Helios Way  
Houston, Texas 77079  
Phone 713-323-3531  
Email james.busch@bp.com

Betsy Carr  
Senior Counsel  
201 Helios Way  
Houston, Texas 77079  
Phone 713-323-6353  
Email betsy.carr@bp.com

## **III. AUTHORIZATION REQUESTED**

BPEC requests blanket authorization to export on a short-term or spot market basis up to 30 Bcf of previously imported LNG cumulatively over a two-year period commencing on the date authorization is granted. BPEC further requests that such authorization extend to LNG supplies imported from foreign sources to which BPEC holds title, as well as to LNG supplies imported from foreign sources that BPEC may export on behalf of other entities who hold title. Under the authorization sought herein, BPEC 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 Cove Point LNG terminal with LNG sourced from

---

<sup>1</sup> *BP Energy Company*, DOE/FE Order No. 3850 (June 13, 2016). This authorization was recently renewed in *BP Energy Company*, DOE/FE Order No. 4199 (June 8, 2018).

domestic gas. BPEC will not export LNG to those countries with which trade is prohibited by Federal law or policy.

The blanket export authorization requested by BPEC would be applicable to exports from the Cove Point LNG terminal, in Calvert County, Maryland. There are no proceedings related to this application currently pending before the DOE or any other federal agency.

The blanket authorization requested by BPEC is substantially similar to the blanket export authorization granted by DOE/FE to ConocoPhillips in Order No. 2731.<sup>2</sup> In that proceeding, the blanket export authorization granted by DOE/FE was limited to exports from a specified LNG import terminal. Consistent with that precedent, BPEC requests that the blanket export authorization requested herein be applicable to exports from the Cove Point LNG terminal. In this regard, DECP has previously received authority from the Federal Energy Regulatory Commission to modify its facilities so as to enable LNG exports as well as imports.<sup>3</sup>

#### **IV. BACKGROUND AND EXECUTIVE SUMMARY**

In this application, BPEC requests blanket authorization to export LNG previously imported into the U.S. from foreign sources. BPEC's request is based on its desire to utilize and optimize the long-term LNG capacity it has contracted for at the Cove Point Terminal and its need for flexibility to respond effectively to periodic changes in domestic and world markets for natural gas and LNG. Specifically, BPEC seeks the authority to export previously imported LNG to other world markets on its own behalf or on behalf of third

---

<sup>2</sup> *ConocoPhillips Company*, DOE/FE Order No. 2731 (November 30, 2009).

<sup>3</sup> *Dominion Cove Point LNG, LP*, 148 FERC ¶ 61,244 (2014). Dominion Cove Point LNG received blanket authority to export previously imported LNG in DOE/FE Order No. 3055 (January 9, 2012), but this authority has apparently lapsed. In DOE/FE Order No. 4046 (June 2, 2017), Dominion Cove Point, LNG, LP received authority to export on its own behalf or as agent for other entities LNG previously imported by vessel. However, in its application related to DOE/FE Order No. 4046, Cove Point sought authority only for Commissioning Volumes prior to the commencement of commercial operation of its Liquefaction Project. Commercial operation of Cove Point's Liquefaction Project began in April 2018.

parties. BPEC would base any decision related to the sale of imported LNG on prevailing market conditions.

BPEC does not intend to export any LNG when market conditions dictate that the LNG be used to meet domestic needs. Granting the blanket authorization to BPEC would assist BPEC 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.”<sup>4</sup> Accordingly, Section 3 creates a statutory presumption in favor of approval of a properly framed export application.<sup>5</sup> Any opponent would bear the burden of overcoming that presumption.<sup>6</sup> 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”.<sup>7</sup> As detailed below, the blanket export authorization requested by BPEC satisfies the public interest standard of Section 3 of the NGA as construed by the DOE/FE.

---

<sup>4</sup> 15 U.S.C. § 717b (2010).

<sup>5</sup> 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 (D.C. Cir. 1987).

<sup>6</sup> In *Panhandle Producers and Royalty Owners Ass’n v. ERA*, 822 F. 2d 1105, 1111 (D.C. Cir 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 mandated by, the statutory directive.”

<sup>7</sup> Policy Guidelines and Delegation Orders Relating to the Regulation of Imported Natural Gas, 49 Fed Reg. 6,684 (Feb. 22, 1984).

**A. The LNG that may be exported pursuant to the blanket authorization requested herein is not needed to meet domestic needs.**

DOE/FE has issued numerous blanket authorizations to export previously imported LNG in other proceedings.<sup>8</sup> These orders were based, in part, on authoritative data indicating that United States consumers have access to substantial quantities of natural gas sufficient to meet domestic demand from other competitively-priced sources. The DOE/FE in its recent Order No. 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 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.<sup>9</sup> Similarly, EIA's *Annual Energy Outlook 2018* projects that U.S. dry natural gas production will increase through 2050 across a wide variety of alternative assumptions about the future, and that after becoming a net natural gas exporter in 2017, U.S. natural gas exports continue to rise.<sup>10</sup>

In Order No. 3825, 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 that order, the DOE/FE stated "Inasmuch as domestic natural gas production levels are projected to reach an amount that well exceeds 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..."<sup>11</sup> Given the current

---

<sup>8</sup> See, e.g., *ConocoPhillips*, DOE/FE Order No. 3754, FE Docket No. 15-130-LNG, Order Granting Blanket Authorization to Export Previously Imported Liquefied Natural Gas by Vessel (December 16, 2015).

<sup>9</sup> See EIA, AEO 2016 Early at 52

<sup>10</sup> See <https://www.eia.gov/todayinenergy/detail.php?id=35792>.

<sup>11</sup> Order No. 3825 at 6.

conditions of the domestic natural gas industry, and the nature of BPEC's request, including limiting its request to a short term authority to export previously-imported LNG in quantities up to 30 Bcf on a cumulative basis, granting this request will not be inconsistent with the public interest.

**B. Granting the blanket export authorization will facilitate the importation of LNG into the U.S.**

Granting the blanket export authorization will also facilitate the importation of LNG into the U.S. by BPEC. This is because the authorization will enable BPEC to import LNG cargos into the U.S. without concern that such cargos will become captive to the U.S. market if market conditions change. As such, the requested authorization will make the importation of LNG in the U.S. more attractive because, once imported, BPEC will have the option of either selling into U.S. markets or exporting to other markets based on prevailing market conditions.<sup>12</sup>

**C. Granting the blanket export authorization will provide BPEC with market flexibility.**

Granting the blanket export authorization requested herein would provide BPEC 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 BPEC the ability to purchase spot-market LNG cargos for import into the United States, with the possibility of re-exporting the imported LNG.

**D. Granting the blanket export authorization will not reduce domestically produced natural gas supplies.**

BPEC is only seeking the authority to export previously-imported LNG. BPEC is not seeking the authority to export domestically-produced natural gas supplies. Thus, BPEC's

---

<sup>12</sup> Order No. 3825 at 6.

request for blanket authorization herein will not reduce domestically-produced natural gas supplies.

**VI. ENVIRONMENTAL IMPACT**

No modifications to the Cove Point LNG terminal are required to enable the LNG exports requested by BPEC. 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 and Certified Statement

Appendix B: Opinion of Counsel

**VIII. CONCLUSION**

For the reasons set forth above, BPEC respectfully requests that the DOE/FE issue an order granting BPEC a two-year blanket authorization commencing on the date of authorization to engage in short-term exports of up to 30 Bcf, cumulative basis, of previously-imported 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.

BPEC respectfully requests that the DOE/FE determine that BPEC's request for short-term Blanket authorization to export previously imported LNG is not inconsistent with the public interest. Accordingly, BPEC respectfully requests that DOE/FE issue an order pursuant to Section 3(c) of the Natural Gas Act, as amended by Section 201 of the Energy



Policy Act of 1992, for blanket authorization to export previously imported LNG commencing upon the date authorized and continuing for two years thereafter.

Respectfully submitted,



Betsy Carr  
Senior Counsel  
BP Energy Company  
201 Helios Way  
Houston, Texas 77079  
Phone: (713) 323-6353  
Email: [betsy.carr@bp.com](mailto:betsy.carr@bp.com)

June 15, 2018

## APPENDIX A

VERIFICATION AND CERTIFIED STATEMENT

County of Harris     )  
  )  
State of Texas        )

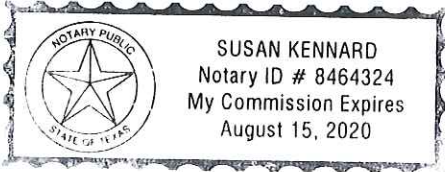
I ART BIESER, being duly sworn on her oath, does hereby depose and say that I am the Senior Counsel for BP Energy Company; that I am familiar with the contents of the foregoing application; and that the matters set forth therein are true and correct to the best of my knowledge, information and belief.

Art Bieser

Sworn to and subscribed before me, a Notary Public, in and for the State of Texas, this 5 day of June, 2018.

Susan Kennard  
Notary Public

My Commission expires:



## APPENDIX B



BP Energy Company  
201 Helios Way  
Houston, Texas 77079  
Phone 713-323-1214  
Email: art.bieserr@bp.com

June 15, 2018

U.S. Department of Energy  
Office of Fossil Energy  
1000 Independence Avenue, S.W.  
Washington, DC 20585

### OPINION OF COUNSEL

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 CFR § 590.202(c) (2017). I have examined the Certificate of Incorporation of BP Energy Company and other authorities as necessary, and have concluded that the proposed exportation of liquefied natural gas by BP Energy Company is within its corporate powers. Further, BP Energy Company is authorized to do business in Delaware and other U.S. states and to engage in foreign commerce.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Art Bieser'.

Art Bieser

Senior Counsel, BP Energy Company