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and Via Hand Delivery**

Amy Sweeney
Director, Office of Regulation, Analysis and Engagement
Office of Oil and Natural Gas
U.S. Department of Energy
Room 3E-052, FE-34
Forrestal Building
1000 Independence Avenue, S.W.
Washington, D.C. 20585

**Re: Blue Water Fuels, LLC, FE Docket No. 19-⁹⁹-LNG
Application for Long-Term Authorization to Export Liquefied Natural
Gas to Non-Free Trade Agreement Countries**

Dear Ms. Sweeney:

Pursuant to Section 3 of the Natural Gas Act and Part 590 of the regulations of the Department of Energy (“DOE”) Blue Water Fuels, LLC (“Blue Water Fuels”) submits its Application for Long-Term Authorization to Export Liquefied Natural Gas to Non-Free Trade Agreement Countries (“Application”). Also attached is a check for \$50 payable to the U.S. Department of Treasury to cover the filing fee.

Please contact the undersigned with any questions regarding this submission.

Respectfully submitted,

George H. Pigg
Counsel for Blue Water Fuels, LLC

PUBLIC VERSION – CONFIDENTIAL INFORMATION REMOVED

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

Blue Water Fuels, LLC

FE Docket No. 19-____-LNG

**APPLICATION OF BLUE WATER FUELS (USA) LLC FOR LONG-TERM
AUTHORIZATION TO EXPORT LIQUEFIED NATURAL GAS TO NON-FREE
TRADE AGREEMENT COUNTRIES**

Pursuant to Section 3 of the Natural Gas Act (“NGA”)¹ and Part 590 of the Department of Energy’s (“DOE”) regulations,² Blue Water Fuels, LLC (“Blue Water Fuels”), a wholly-owned subsidiary of HR NuBlu Energy LLC, hereby submits this Application to the DOE, Office of Fossil Energy (“DOE/FE”) for long-term, multi-contract authorization to export up to approximately 51.75 billion cubic feet (“Bcf”) per year, of domestically-produced liquefied natural gas (“LNG”) for a 20-year period, commencing on the earlier of the date of first export or five (5) years from the date the requested authorization is granted. Blue Water Fuels seeks authorization to export LNG produced at any of the existing natural gas liquefaction facilities listed in Appendix B, one wholly-owned by NuBlu Energy and the other wholly-owned by Spectrum LNG.³ Blue Water Fuels requests authority to export the LNG by vessels, and also by use of approved IMO7/TVAC-ASME LNG containers transported on ocean-going container vessels to any country which has, or in the future develops, the capacity to import LNG delivered via vessels and also via ocean-going container vessels carrying approved IMO7/TVAC-ASME LNG containers, provided that trade is

¹ 15 U.S.C. § 717b (2012).

² 10 C.F.R. Pt. 590 (2015).

³ Blue Water Fuels intends to purchase LNG from NuBlu, which operates the Port Allen LNG facility in Port Allen, Louisiana. NuBlu also has the ability from time to time to source LNG from the Ehrenberg LNG facility in Ehrenberg, Arizona which is owned and operated by Spectrum LNG. In the future, subject to any applicable regulatory approvals, NuBlu also would have the ability to source LNG from other affiliated facilities located in the southern and southwest United States.

not prohibited by United States law or policy with that country and provided further that the country has not entered into a free trade agreement with the United States providing for national treatment for trade in natural gas (“non-FTA countries”). Blue Water Fuels’ application to export LNG to non-FTA countries is reviewed under Section 3(a) of the NGA,⁴ which creates a rebuttable presumption that a proposed export of natural gas is in the public interest. Under this standard, the DOE/FE “must grant such an application unless opponents of the application overcome that presumption by making an affirmative showing of inconsistency with the public interest.”⁵

In support of this application, Blue Water Fuels respectfully states the following:

⁴ 15 U.S.C. § 717b.

⁵ *Cheniere Marketing, LLC and Corpus Christi Liquefaction, LLC*, DOE/FE Order No. 3638, FE Docket No. 12-97-LNG, “Final Opinion and Order Granting Long-term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed Corpus Christi Liquefaction Project to be Located in Corpus Christi, Texas to Non-Free Trade Agreement Nations,” at 12 (May 12, 2015) (“*Cheniere Marketing*”); *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 2961, FE Docket No. 10-111-LNG, “Opinion and Order Conditionally Granting Long-Term Authorization to Export Liquefied Natural Gas From Sabine Pass LNG Terminal to Non-Free Trade Agreement Nations,” at 28 (May 20, 2011) (“*Sabine Pass*”).

I. COMMUNICATIONS AND CORRESPONDENCE

All communications and correspondence regarding this Application should be directed to the following persons:

Josh Payne President NuBlu Energy 1008 Southview Circle Center, TX 75935 Tel: 936-598-8587 Josh.Payne@nublueenergy.com	George Pigg General Counsel NuBlu Energy, High Roller Group, LLC 2626 Cole Avenue, Suite 650 Dallas, TX 75204 Tel: 936-590-7350 Fax: 936-590-7450 George@highrollergroup.com
Cory Duck CEO NuBlu Energy 1008 Southview Circle Center, TX 75935 Tel: 214-636-9585 Cory.Duck@nublueenergy.com	

II. DESCRIPTION OF THE APPLICANT

The exact legal name of the applicant is Blue Water Fuels LLC with its principal place of business in Center, Texas. Blue Water Fuels is a wholly owned subsidiary of HR NuBlu Energy, LLC (“NuBlu”). NuBlu is a majority owned subsidiary of High Roller LNG, LLC (HR Group). HR Group is a family owned company based in Center, Texas. First Global NuBlu Innovations, LLC is also a 33% owner in HR NuBlu Energy, LLC. There is no foreign entity ownership in Blue Water Fuels, LLC.

Blue Water Fuels currently holds long-term authority to export LNG from the NuBlu Energy liquefaction facility in Port Allen, Louisiana pursuant to DOE/FE Order No. 4202 (FTA authorization).

⁶Blue Water Fuels (USA) LLC, DOE/FE Order No. 4202, “Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas in ISO Containers or in bulk loaded at the HR NuBlu Energy, LLC liquefaction Facility in Port Allen, Louisiana, and exported by vessel to free trade agreement nations (June 25, 2018).

III. AUTHORIZATION REQUESTED

Blue Water Fuels requests long-term, multi-contract authorization to export up to 51.75 Bcf/year of domestically-produced LNG for a 20-year period, commencing on the earlier of the date of first export or five (5) years from the date the requested authorization is granted. Blue Water Fuels requests authority to export LNG produced at any of the existing natural gas liquefaction facilities owned and operated by NuBlu, HR Group or by one of their affiliates. Blue Water Fuels will purchase LNG from NuBlu sourced from NuBlu's liquefaction facility in Port Allen, Louisiana and Spectrum LNG's facility in Ehrenberg, Arizona. In the future, subject to any applicable regulatory approvals, NuBlu also would have the ability to source LNG from other facilities in the United States and sell such LNG to Blue Water Fuels. The other existing natural gas liquefaction facilities are currently being evaluated by Blue Water Fuels and NuBlu based on their proximity to ports that can adequately serve potential customers.

Blue Water Fuels requests authority to export the LNG via vessels and also by use of approved IMO7/TVAC-ASME LNG containers transported on ocean-going container vessels to any country which has, or in the future develops, the capacity to import LNG delivered via vessels and also via ocean-going container vessels carrying approved IMO7/TVAC-ASME LNG containers, provided that trade is not prohibited by United States law or policy with that country, and provided further that the country has not entered into a free trade agreement with the United States providing for national treatment for trade in natural gas (non-FTA countries).

With this Application, Blue Water Fuels requests approval of exports to non-FTA countries of LNG purchased under the purchase and sale arrangement described in the Master LNG Purchase and Sale Agreement entered into on January 21, 2016, between NuBlu and Blue Water Fuels ("Master LNG Purchase and Sale Agreement"). The Master LNG Purchase and Sale Agreement

describes the arrangement between NuBlu and Blue Water Fuels, which is that from time to time, throughout the term of the Master LNG Purchase and Sale Agreement, Blue Water Fuels shall have the right to purchase a firm or interruptible supply from the Facilities of up to 51.75 Bcf/year for a 20-year period. Blue Water Fuels is filing the Master LNG Purchase and Sale Agreement with the DOE/FE under seal. A summary of the agreement is provided as Appendix A.

Blue Water Fuels expects to begin entering into long-term sales agreements with customers worldwide to export LNG, and to purchase LNG from NuBlu under such Master LNG Purchase and Sale Agreement to serve those customers from the Facilities, pursuant to Transaction Confirmations that would be executed for each sale. Upon Blue Water Fuels entering into a sales agreement with a customer, NuBlu and Blue Water Fuels will execute a Transaction Confirmation that sets forth the quantities for sale and delivery to that customer. The Transaction Confirmation will include relevant transaction information, such as transaction term, quantity of gas to be purchased under the transaction, the liquefaction facility from which such LNG will be acquired, and the name of customer and the port of destination. Following the execution of each Transaction Confirmation, Blue Water Fuels will file such Transaction Confirmation with DOE under seal. DOE/FE has previously found that this commitment conforms to the requirements of 10 C.F.R. § 590.202(b), which calls upon applicants to supply transaction-specific information “to the extent practicable.”⁷

Delivery of LNG will be taken at the Facilities, and the LNG will be transported within the United States over highways, using approved 40-foot ISO IMO7/TVAC-ASME LNG containers. These containers comply with all United States Department of Transportation regulations, and the third parties with whom Blue Water Fuels will be contracting to handle transportation will comply

⁷C.F.R. § 590.202(b) requests certain information “to the extent applicable,” and “supported to the extent practicable by necessary data or documents” regarding the source and security of the natural gas supply proposed for export, including contract volume and a description of the specific gas reserves supporting the project during the time or the requested export authorization; *see also Sabine Pass* at 41.

with all required permits, including but not limited to, any federal, state and local permits relating to hazardous material and cryogenic handling regulations and requirements. Blue Water Fuels intends to export the LNG from the ports of Mobile, New Orleans, Baton Rouge, Gulfport, Houston, Long Beach, Los Angeles; and any port in the United States capable of accommodating LNG exports via vessel or via ISO containers transported on ocean-going container vessels.

The source of natural gas supply to be exported by Blue Water Fuels will be the robust and liquid United States natural gas market. Specifically, Blue Water Fuels will be purchasing LNG from the Facilities, which have, and expect to continue to have, an excess supply of LNG.

IV. PUBLIC INTEREST

The Department of Energy (DOE or the Department) is revising its regulations to provide the DOE will issue an export authorization upon receipt of any complete application that seeks to export natural gas, including liquefied natural gas (LNG), to countries with which the United States has not entered into a free trade agreement (FTA) requiring national treatment for trade in natural gas and with which trade is not prohibited by U.S. law or policy (non-FTA countries), provided that the application satisfies the following two criteria: The application proposes to export natural gas in a volume up to and including 51.75 billion cubic feet (Bcf) per year (Bcf/yr) (equivalent to 0.14 Bcf per day (Bcf/d)), and DOE's approval of the application does not require an environmental impact statement (EIS) or an environmental assessment (EA) under the National Environmental Policy Act of 1969 (NEPA). Applications that satisfy these criteria are requesting authorization for "small-scale natural gas exports, and DOE deems such exports to be consistent with the public interest under the Natural Gas Act (NGA). DOE's regulations

regarding notice of applications and procedures conducted on applications do not apply to applications that satisfy these criteria. This regulation is intended to expedite DOE's processing of these applications and reduce administrative burdens for the small-scale natural gas export market.

C. Other Public Benefits of the Requested Authorization

Having the authority and the opportunity to market LNG abroad will enable Blue Water Fuels to foster the development of a domestic natural gas and natural gas by-product market. Developing a robust LNG export market will encourage the development of a market in natural gas liquids such as ethane, propane and condensates that can be substituted for petroleum products made from imported oil, thereby, in effect, reducing United States' dependence on imported oil and further promoting the effort to reduce United States trade imbalances. In fact, the export of natural gas produced in the United States will help to promote new international markets for natural gas, thereby encouraging the development of new, additional productive resources in the United States. These developments may help decouple international natural gas prices and oil prices in some markets and may exert downward pressure on natural gas prices in those markets.

In addition, Blue Water Fuels expects that its export of domestic LNG will encourage the development of jobs in the United States. Qualified domestic transportation companies will be used to transport the LNG from each Facility to port, thereby supporting those businesses. As a growing company, Blue Water Fuels will also be creating jobs as its marketing and sale of LNG to new markets increases its need for additional sales and administrative staff.

V. ENVIRONMENTAL IMPACT

As indicated above, FERC has recently disclaimed NGA Section 3 jurisdiction over the Facilities.⁸ Other than minor operational changes conducted in the normal course of business, no new construction at the Facilities would be required in order for Blue Water Fuels to export LNG.⁹ Accordingly, under Categorical Exclusion B5.7 of NEPA, approval of this Application would not constitute a federal action significantly affecting the human environment within the meaning of NEPA.¹⁰

VI. EXPORT SOURCES

Blue Water Fuels requests authority to export LNG produced at existing natural gas liquefaction facilities owned and operated by NuBlu, one of its affiliates or any other existing facility contracted with NuBlu. The current facilities under contract are the NuBlu plant in Port Allen, Louisiana and the Spectrum LNG plant in Ehrenberg, Arizona. NuBlu is currently evaluating other facilities based on proximity to ports that can serve potential customers of Blue Water Fuels. These Facilities receive natural gas transported through existing pipeline facilities interconnected to the U.S. interstate pipeline grid.

⁸NuBlu's and its affiliate's Facilities from which Blue Water Fuels intends to obtain LNG supplies for export are the NuBlu Port Allen, Louisiana facility and the Ehrenberg, Arizona facility because "LNG produced at the facilities or supplied by a third party would be transported, by means other than interstate pipeline, to the ultimate point of export. *NuBlu LNG, Inc.*, 151 FERC ¶ 61,006, at P 12.

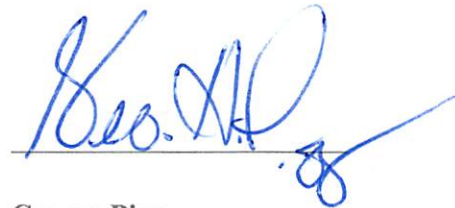
⁹Separate and apart from the sales of LNG contemplated in this application, NuBlu and its affiliates intend to continue domestic LNG operations at the Facilities. As described in NuBlu's Petition for Declaratory Order filed with FERC on April 11, 2014, in Docket No. RP14-732-000, domestic demand growth is expected for LNG, including the potential for new services related to LNG marine bunkering and other heavy fuel, transport applications, and industrial-end use applications. Should this expected additional demand come to fruition, the Facilities may be expanded in the future, consistent with applicable regulatory requirements, if any.

¹⁰42 U.S.C. § 4231, *et seq.*; Categorical Exclusion B5.7, 10 C.F.R. Part 1021, Subpart D, Appendix B (2015).

VIII. CONCLUSION

For the reasons set forth above, Blue Water Fuels respectfully requests that the DOE grant the long-term multi-contract authorization requested herein.

Respectfully submitted,



George Pigg

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*Counsel for
Blue Water Fuels (USA) LLC*

Dated: August 7, 2019

VII. APPENDICES

The following appendices are included with this Application:

Appendix A Summary of Master LNG Purchase and Sale Agreement

Appendix B Description of the Facilities

APPENDIX A

SUMMARY OF MASTER LNG PURCHASE AND SALE AGREEMENT

Summary of Master Liquefied Natural Gas Purchase and Sale Agreement Between NuBlu LNG, Inc. (“NuBlu”) and Blue Water Fuels (USA) LLC

On January 21, 2016, NuBlu LNG, Inc. (“NuBlu”) and Blue Water Fuels (USA) LLC (“Blue Water Fuels”), entered into a Master Liquefied Natural Gas Purchase and Sale Agreement (“Master Agreement”) through which NuBlu will sell, and Blue Water Fuels will purchase, domestically produced liquefied natural gas (“LNG”) on a firm or interruptible basis, pursuant to individual transaction confirmations (“Transaction Confirmation”). Blue Water Fuels serves its customers with LNG sold to it by NuBlu under the Master Agreement. In addition, Blue Water Fuels agrees to only purchase LNG and export LNG to customers located in foreign countries, upon receiving an applicable LNG export authorization from the Department of Energy’s Office of Fossil Energy (“DOE/FE”).

The Master Agreement may be terminated by either party with prior notice, but will remain in effect to accommodate each Transaction Confirmation entered into between NuBlu and Blue Water Fuels, until both parties have fulfilled their obligations with respect to such transactions. Blue Water Fuels has entered into several Transaction Confirmations under this Master Agreement already to supply customers with LNG, however, to date, Blue Water Fuels has not entered into any Transaction Confirmations for the purchase of LNG that is intended for export.

Under the Master Agreement, the service date and the quantity and quality of LNG to be delivered to Blue Water Fuels for each transaction will be specified in each Transaction Confirmation. NuBlu may designate the points of delivery of LNG at the various facilities where NuBlu sources LNG, each of which provide liquefaction services and have the capabilities to load LNG into approved ISO containers transported by trucks. However, NuBlu is not required to deliver LNG in excess of Blue Water Fuels’ maximum truck loading volume per month or more frequently during the delivery month as provided for in the Transaction Confirmation.

The purchase price for LNG is a compilation of a commodity fee, reservation fee, taxes, and a trucking cost adjustment. Each Transaction Confirmation that requires firm service does so on a take-or-pay basis at a price that is the product of a per gallon rate and the number of days in a billing month. The commodity fee is a volumetric, indexed formula rate. The trucking cost adjustment applies in the event that Blue Water Fuels elects to designate certain Delivery Points under the Transaction Confirmation.

The Master Agreement provides for certain periods of planned maintenance, during which the parties have no obligation to sell, deliver, buy or receive LNG. During periods of Force Majeure affecting Blue Water Fuels, the obligation of Blue Water Fuels to pay for any associated Reservation Fees is not excused; however, Blue Water Fuels is entitled to Force Majeure Makeup Quantities delivered subsequently, provided that it pays the commodity price for such quantities. During periods of Force Majeure affecting NuBlu’s ability to deliver firm quantities of LNG, the obligation of Blue Water Fuels to pay Reservation Fees is correspondingly reduced. Once the

Force Majeure period ends and NuBlu can resume deliveries of LNG, Blue Water Fuels must make reasonable efforts to take LNG and pay the applicable Reservation and Commodity Fees. Blue Water Fuels is entitled to cover damages for costs incurred by Blue Water Fuels in securing alternative sources of LNG in the event of an unexcused failure by NuBlu to deliver LNG, and NuBlu is entitled to specific liquidated damages in the event of an unexcused failure by Blue Water Fuels to take LNG.

APPENDIX B

DESCRIPTION OF THE FACILITIES

Port Allen NuBlu LNG Facility: The Port Allen NuBlu LNG Facility is a small-volume LNG production facility located in Port Allen, Louisiana owned and operated by NuBlu Energy. The Port Allen LNG facility has a liquefaction capacity of 3,000 thousand cubic feet (“Mcf”) per day (“Mcf/d”) and a storage capacity of 8,300 Mcf. The facility is capable of loading twenty (20) trucks per day. The Port Allen LNG facility was built in 2018 and is subject to regulation by PHMSA.

Ehrenberg Spectrum LNG Facility: The Ehrenberg Spectrum LNG Facility is a small-volume LNG production facility located in Ehrenberg, Arizona owned and operated by Spectrum LNG. The Port Allen LNG facility has a liquefaction capacity of 6280 thousand cubic feet (“Mcf”) per day (“Mcf/d”) and storage capacity of 8300 Mcf. The facility is capable of loading twenty (20) trucks per day. The Ehrenberg LNG facility was built in 2010 and is subject to regulation by PHMSA.