

**U.S. Department of Energy**  
**Categorical Exclusion Determination**  
**Office of Fossil Energy**



**FLINT HILLS RESOURCES, LP**  
**FE DOCKET NO. 15-168-LNG**

**PROPOSED ACTION DESCRIPTION:** Flint Hills Resources, LP (Flint Hills), a Delaware limited liability company with its primary place of business in Wichita, Kansas, filed an application with the Office of Fossil Energy (FE) on November 5, 2015, seeking authorization to export domestically produced liquefied natural gas (LNG) in a volume up to the equivalent of 3.62 billion cubic feet per year (Bcf/yr) of natural gas (0.01 Bcf/day) for a 20-year term. Flint Hills seeks to export the LNG from an existing natural gas liquefaction facility located in George West, Texas (Stabilis Facility or Facility) owned by Stabilis LNG Eagle Ford, LLC (Stabilis LNG).<sup>1</sup> The proposed exports of LNG will be loaded at the Facility into approved ISO IM07/TVAC ASME LNG (ISO) containers or tanker trucks, then transported via truck and loaded onto ocean-going marine vessels (for ISO containers) or transport barge, ship, or floating storage (for bulk LNG) for export at the Port of Brownsville, Port of Houston, Port of Corpus Christi, in Texas or other ports/docks along the Gulf Coast of the United States all capable of handling the exports without modification.<sup>2</sup> The application was submitted pursuant to section 3 of the Natural Gas Act (NGA) and 10 CFR Part 590 of the Department of Energy's (DOE) regulations. The portion of the application that seeks to export LNG to any country with which the United States does not currently have 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), will be reviewed pursuant to section 3(a) of the NGA. No new facilities or modification to any existing facilities at the Stabilis Facility are required in order for Flint Hills to export LNG from the Facility. DOE/FE's proposed action is to authorize the exports described in Flint Hills' application if DOE/FE determines that such exports are not inconsistent with the public interest.

The Facility produces 120,000 gallons of LNG per day and is able to store approximately 270,000 gallons of LNG on site. Stabilis LNG produces LNG at the Facility as a replacement fuel for domestic diesel used in exploration and production markets and other industrial fuel applications.<sup>3</sup> Flint Hills states that the Stabilis Facility has the capability to load LNG into ISO containers or tanker trucks in an amount of 120,000 gallons/day (0.01 Bcf/day) with no additional plant infrastructure or modifications to the existing Facility as a result of the proposed exports.

The Department's regulations at 10 CFR Part 1021, Subpart D, Appendix B5, provide a list of categorical exclusions from preparation of either an Environmental Impact Statement or an Environmental Assessment under the National Environmental Policy Act (NEPA) by DOE. Specifically, categorical exclusion B5.7 provides a categorical exclusion where approvals or disapprovals of authorizations to import or export natural gas under NGA section 3 involve minor operational changes but not new construction. Flint Hills' proposed exports from the Stabilis Facility fall within the scope of the B5.7 categorical exclusion because the facility and its operations will not be changed due to DOE/FE's action on Flint Hills' non-FTA application. Accordingly, DOE/FE will apply a categorical exclusion under NEPA for the non-FTA portion of the Application and make final findings on all issues related to the Application in the final order.

**CATEGORICAL EXCLUSION APPLIED:** B5.7 - Import or export natural gas, with operational changes

For the complete DOE National Environmental Policy Act regulations regarding categorical exclusions, including the full text of each categorical exclusion, see Subpart D of 10 CFR Part 1021.

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<sup>1</sup> Stabilis LNG is owned by an affiliate of Flint Hills, FHR LNG, LLC (49%), Stabilis FHR Oilfield, LLC (2%), and Stabilis Oilfield Investco LLC (49%).

<sup>2</sup> Flint Hills states that it generally intends to use ISO containers to export LNG. Under this scenario, the ISO containers will be trucked to a port or dock located along the Gulf Coast, where the containers will be loaded onto a barge or ship for export. If Flint Hills uses tanker trucks, it will truck LNG from the Stabilis Facility directly and transfer the LNG to a bulk transport barge, ship, or floating storage for distribution to customers. App. at 4-5. Appendix A of the Application contains a non-exhaustive list of ports from which Flint Hills may export LNG.

<sup>3</sup> Flint Hills Application at 3.

Regulatory Requirements in 10 CFR 1021.410(b): (See full text in regulation)

] The proposal fits within a class of actions that is listed in Appendix A or B to 10 CFR Part 1021, Subpart D.

To fit within the classes of actions listed in 10 CFR Part 1021, Subpart D, Appendix B, a proposal must be one that would not: (1) threaten a violation of applicable statutory, regulatory, or permit requirements for environment, safety, and health, or similar requirements of DOE or Executive Orders; (2) require siting and construction or major expansion of waste storage, disposal, recovery, or treatment facilities (including incinerators), but the proposal may include categorically excluded waste storage, disposal, recovery, or treatment actions or facilities; (3) disturb hazardous substances, pollutants, contaminants, or CERCLA-excluded petroleum and natural gas products that preexist in the environment such that there would be uncontrolled or unpermitted releases; (4) have the potential to cause significant impacts on environmentally sensitive resources, including, but not limited to, those listed in paragraph B(4) of 10 CFR Part 1021, Subpart D, Appendix B; (5) involve genetically engineered organisms, synthetic biology, governmentally designated noxious weeds, or invasive species, unless the proposed activity would be contained or confined in a manner designed and operated to prevent unauthorized release into the environment and conducted in accordance with applicable requirements, such as those listed in paragraph B(5) of 10 CFR Part 1021, Subpart D, Appendix B.

] There are no extraordinary circumstances related to the proposal that may affect the significance of the environmental effects of the proposal.

] The proposal has not been segmented to meet the definition of a categorical exclusion. This proposal is not connected to other actions with potentially significant impacts (40 CFR 1508.25(a)(1)), is not related to other actions with individually insignificant but cumulatively significant impacts (40 CFR 1508.27(b)(7)), and is not precluded by 40 CFR 1506.1 or 10 CFR 1021.211 concerning limitations on actions during preparation of an environmental impact statement.

Based on my review of the proposed action, as NEPA Compliance Officer (as authorized under DOE Order 451.1B), I have determined that the proposed action fits within the specified class(es) of action, the other regulatory requirements set forth above are met, and the proposed action is hereby categorically excluded from further NEPA review.

Signature: Mark J. Matarrese Date Determined: 5/18/16

Mark J. Matarrese, NEPA Compliance Officer, Office of Fossil Energy