



Global Gas

**Jeannie Myers**  
Senior Counsel

**Negotiations & Legal**  
Chevron Gas and Midstream  
1400 Smith Street  
Houston, TX 77002  
Tel 713 372 9245  
Fax 713 372 9282  
JMyers@chevron.com

August 26, 2014

Larine A. Moore  
Office of Natural Gas Global Security and Supply  
U.S. Department of Energy  
Room 3E-042  
FE-34  
1000 Independence Ave. Southwest  
Washington, DC 20585

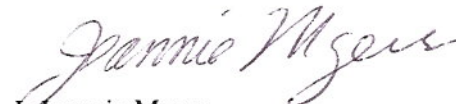
**RE: Chevron U.S.A. Inc., Docket No. 14-~~119~~ LNG**  
**Application for Blanket Authorization to Export Liquefied Natural Gas on a Short-Term Basis**

Dear Ms. Moore:

Chevron U.S.A. Inc. hereby files with the Office of Fuels, Programs, Fossil Energy of the Department of Energy an application for blanket authorization to export LNG for a term of two years beginning on December 8, 2014. Enclosed are the complete application, fifteen additional copies, and a \$50 check addressed to the Treasurer of the United States. Chevron is seeking authority to re-export up to seventy-two billion cubic feet of previously imported LNG during the two year period of the authorization. The proposed export will be 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 Federal law or policy.

Thank you for your attention to this matter. If you have any questions regarding this filing, please contact the undersigned at (713) 372-9245 or email to JMyers@chevron.com.

Respectfully submitted,

  
J. Jeannie Myers

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY



In The Matter Of:

CHEVRON U.S.A. INC.

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Docket No. 14-~~119~~-LNG

APPLICATION OF CHEVRON U.S.A. INC.  
FOR BLANKET AUTHORIZATION  
TO EXPORT LIQUEFIED 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, Chevron U.S.A. Inc. (Chevron) hereby requests that DOE, Office of Fossil Energy (DOE/FE), issue an order granting blanket authorization for Chevron to engage in short-term exports of up to approximately seventy-two billion cubic feet ( 72 Bcf), on a cumulative basis, of previously-imported liquefied natural gas (LNG) from foreign sources, for a two-year period commencing December 8, 2014. Chevron is seeking authorization to export such 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 Federal law or policy. Good cause exists to grant the requested authorization for the reasons stated below.

**I. DESCRIPTION OF THE 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 has contracted for 1.0 Bcf/day of terminal capacity from

Sabine Pass LNG, L.P. for an initial term of twenty years with the option to extend the term for a period of twenty years. The initial term will expire June 30, 2029. On July 3, 2014, DOE/FE Order no. 3454 granted Chevron blanket authorization to import the equivalent of up to 800 Bcf from various international sources for a two year period beginning on August 1, 2014. 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:

Justin Hill  
Financial Analyst  
Chevron Gas and Midstream  
1500 Louisiana  
Houston, Texas 77002  
Phone 832-854-2791  
Email JHill@chevron.com

J. Jeannie Myers  
Senior Counsel  
Chevron Gas and Midstream  
1400 Smith St.  
Houston, Texas 77002  
Phone 713-372-2945  
Email JMyers@chevron.com

## **III. AUTHORIZATION REQUESTED**

Chevron requests blanket authorization to export up to 72 Bcf, on a cumulative basis, of previously-imported LNG from foreign sources, over a two year period beginning on December 8, 2014. Chevron's existing blanket authorization (DOE/FE Order No. 3221) to export previously-imported LNG from foreign sources expires on December 7, 2014. Chevron requests that such authorization apply to previously-imported LNG to which Chevron holds title at the time the export occurs. Chevron is seeking such authorization to export previously-imported LNG 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. Under the authorization sought herein, Chevron does not request the authority to export any domestically-produced natural gas or LNG.

The blanket export authorization requested by Chevron would be applicable to exports from the Sabine Pass LNG Terminal, owned by Sabine Pass LNG, L.P., in Cameron Parish, Louisiana. The DOE/FE has recently granted an authorization for such re-exports from this terminal to Cheniere Marketing LLC in DOE/FE Order No. 3442 on June 6, 2014 (Order 3442). There are no other proceedings related to this application currently pending before the DOE or any other federal agency.

#### **IV. BACKGROUND**

In this application, Chevron requests blanket authorization to export previously-imported LNG from foreign sources. Chevron's request is based on its desire to optimize long-term capacity it has contracted for at the Sabine Pass LNG Terminal by responding effectively to periodic changes in domestic and world markets for natural gas and LNG. More specifically, Chevron desires the option to either: (i) export previously-imported LNG to other world markets; or (ii) regassify the imported LNG for sale in domestic markets. Chevron would base any decision related to the sale of imported LNG on prevailing market conditions.

Chevron does not intend to export any LNG when market conditions dictate that the LNG be used to meet domestic needs. Further, granting the blanket authorization to Chevron would assist Chevron 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>1</sup> Accordingly, Section 3 creates a statutory presumption in favor of approval of a properly framed export application.<sup>2</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>3</sup> As detailed below, the blanket export authorization requested by Chevron satisfies the public interest standard of Section 3 of the NGA as construed by the DOE/FE.

A. There is No Domestic Reliance on the Imported LNG that Chevron would Export Pursuant to the Blanket Authorization Requested Herein.

The DOE/FE in its recent Order 3442 took administrative notice that an analysis prepared by the U.S. Energy Information Administration (EIA) in the *Annual Energy Outlook* 2013 (AEO 2013), issued in May 2013 shows annual domestic dry natural gas production increasing from 21.22 trillion cubic feet (Tcf) in 2010, to a projection of 26.61 Tcf by 2020<sup>4</sup>. The analysis by the U.S. Energy Information Administration (EIA) in the *Annual Energy Outlook* 2014 (AEO 2014), issued in May 2014 shows projected annual domestic dry natural gas production in 2020 of 29.09 Tcf.<sup>5</sup> Total natural gas consumption is projected to be 27.06 Tcf in 2020.<sup>6</sup>

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 June 6, 2014 in Order

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<sup>1</sup> 15.U.S.C. § 717b(a).

<sup>2</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 (DC Cir. 1987).

<sup>3</sup> DOE/FE Order No. 3102 at p.5.

<sup>4</sup> DOE/FE Order No. 3442 at p.6.

<sup>5</sup> See EIA, AEO 2014, at 178 (Table A13).

<sup>6</sup> *Id.*

3442. In that order, the DOE/FE found 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 [Cheniere] seeks to import.”<sup>7</sup> In addition Order 3442 cites other blanket authorizations to re-export previously imported gas that have been granted recently.<sup>8</sup> Given the current conditions of the domestic natural gas industry, and the nature of Chevron’s request, including limiting its request to a short term authority to export previously-imported LNG to which it holds title, in quantities up to 72 Bcf on a cumulative basis, Chevron believes that granting its request will not be inconsistent with the public interest.

B. Granting the Blanket Export Authorization would Encourage the Importation of LNG into the U.S.A.

Granting the blanket export authorization requested herein would encourage the importation of LNG into the United States by Chevron by providing Chevron 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 encourage Chevron to purchase spot-market LNG cargoes for import into the United States, and would make more gas available to the domestic market if it were needed.

C. Granting the Blanket Export Authorization Would Not Reduce Domestically-Produced Natural Gas Supplies.

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

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<sup>7</sup> Order 3442 at. 6-7.

<sup>8</sup> Order 3442 at 6, f.7.



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

## **VI. ENVIRONMENTAL IMPACT**

No modifications to the Sabine Pass LNG Terminal are required to enable the LNG exports requested by Chevron. 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**

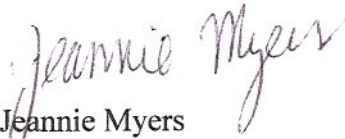
The following appendices are attached hereto and incorporated by reference herein:

Appendix A: Verification.

## **VIII. CONCLUSION**

For the reasons set forth above, Chevron respectfully requests that the DOE/FE issue an order granting Chevron a two-year blanket authorization to export up to approximately 72 bcf on a cumulative basis, of previously-imported liquefied 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.

Respectfully submitted,

  
J. Jeannie Myers  
Senior Counsel  
Chevron Gas and Midstream  
1400 Smith St  
Houston, TX. 77002  
Phone: (713) 372-9245  
Email: jmyers@chevron.com

APPENDIX A  
VERIFICATION



VERIFICATION

County of Harris     )  
                                  )  
State of Texas        )

I Patrick Blough, being duly sworn on his oath, does hereby depose and say that I am a Vice-President of Chevron Global Gas, a division of Chevron U.S.A. Inc.; 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.



25<sup>th</sup> Sworn to and subscribed before me, a Notary Public, in and for the State of Texas, this day of August, 2014.

  
Notary Public

My Commission expires:

