

RECEIVED

By Docket Room at 9/21/2020

20-124-LNG

Mr. Benjamin Nussdorf
U.S. Department of Energy
Natural Gas Regulation
FE-34-ROOM 3E-042
1000 Independence Avenue, S.W.
Washington, DC 20585

September 21, 2020

Re: Application of Big Stone Petroleum, Inc. for Long-Term
and Short-Term Authorization to Export Liquefied Natural Gas
to Free Trade Agreement and Non-Free Trade Agreement Nations.

Dear Mr. Benjamin Nussdorf :

Please accept for filing the accompanying Application of Big Stone Petroleum, Inc for Short-Term and Long –Term Authorization to Export Liquefied Natural Gas to Non-Free and Free-Trade Agreement Nations. The Application of Big Stone is accompanied by a check in the amount \$100, made payable to the U.S. Department of Treasury, for filing fee.

Please, find enclosed one original and three copies of Application. If you have any questions, please call me at (213) 291-5559 or bigstonelng@gmail.com.

I appreciate your time and help.

Sincerely Yours,



William K. Choi

Big Stone Petroleum, Inc.
309 S. Westmoreland Ave.
Los Angeles, CA 90020

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

Big Stone Petroleum, Inc.

Docket No. **20-124-LNG**

Docket NO.

APPLICATION OF BIG STONE PETROLEUM, INC

FOR LONG-TERM AND SHORT-TERM AUTHORIZATION

TO EXPORT LIQUEFIED NATURAL GAS

TO FREE TRADE AGREEMENT AND NON-FREE TRADE AGREEMENT NATIONS

Pursuant to section 3 of the Natural Gas Act (“NGA”), 15 U.S.C. § 717b, and Part 590 of the regulations of the Department of Energy (“DOE”), 10 C.F.R. § 590, Big Stone Petroleum, Inc (“Big Stone”) submits this application (“Application”) to the DOE Office of Fossil Energy (“DOE/FE”) for long-term and short-term authorization to export on a cumulative basis up to 51.75 billion cubic feet (“Bcf”) per year (equivalent to 0.14 Bcf per day) of liquefied natural gas (“LNG”) to (1) any country with which the United States currently has, or in the future may enter into, a free trade agreement requiring national treatment for trade in natural gas (“FTA Nations”)¹ and (2) any country with which the United States does not have a free trade agreement requiring national treatment for trade in natural gas with which trade is not prohibited by United States law or policy (“Non-FTA Nations”).

With respect to its request for authorization to export to Non-FTA Nations, Big Stone relies on DOE/FE’s recently enacted Final Rule amending its regulations to facilitate the authorization of small-scale natural gas exports. (“Small-Scale Export Rule”).² Big Stone requests long-term authorization for a 20-year period and short-term authorization for a 2-year period

-
1. The United States currently has FTAs requiring national treatment for trade in natural gas with Australia, Bahrain, Canada, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Israel, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea and Singapore.
 2. Small-Scale Natural Gas Exports, 83 Fed. Reg. 35106(July 25, 2018) (revising 10 C.F.R. § 590.208).

commencing on the earlier of (i) the date of first export or (ii) five (5) years from the date the requested authorizations are granted.

Big Stone intends to source LNG primarily from small-scale liquefaction facilities located on the United States Gulf Coast and export the LNG primarily to emerging markets in Central Americas, Latin America, and Asia. Especially, South Korea power generation facilities have a plan to change its fuel to natural gas from coal within next 2035.

While Big Stone has not executed any contracts to purchase or export LNG at the current time, Big Stone has had discussions with several existing liquefaction facilities interested in supplying LNG to Big Stone for exportation. A list of existing liquefaction facilities that are interested in supplying LNG to Big Stone and which may be utilized, a brief description of these facilities, and a list of ports from where the LNG may be exported is included in Appendix C. To the extent Big Stone seeks to purchase LNG from facilities that are not included on Appendix C or to export from ports not included on this appendix, Big Stone will file a notification with DOE/FE to supplement the appendix. The grant of export authority to Big Stone and other similar small-scale exporters will enable these facilities to operate without the need to obtain export authorization themselves.

Big Stone may also contract with third-party sellers and distributors to purchase LNG for export. The source of natural gas supply to be liquefied and exported by Big Stone will be the vast natural gas supply that may be produced throughout the United States and delivered to these liquefaction facilities through the integrated natural gas pipeline grid. Big Stone initially intends to transport the LNG in approved ISO containers from the liquefactions facilities to ports on the Gulf Coast of the United States where the ISO containers will be loaded onto ocean-going container vessels for delivery to these emerging markets.³

Big Stone requests export authority on behalf of itself and as agent for other title holders of LNG, provided that:

a).Big Stone shall register each LNG title holder for whom Big Stone seeks to export as agent, with such registration including a written statement by the LNG title holder acknowledging and agreeing to comply with applicable requirements included by DOE/FE in Big Stone's export authorization, and to include those requirements in any subsequent purchase or sale agreement entered into by that title holder; and

3. Specially, Big Stone intends to utilize ISO containers that have been specified as ASME tanks and have been approved by the Department of Transportation for transporting LNG.

b) Big Stone shall file under seal with DOE/FE any relevant long-term commercial agreements once they have been executed.

In support of this Application, Big Stone respectfully states the following:

I.DESCRPTION OF APPLICANT

The exact legal name of the applicant is Big Stone Petroleum, Inc. Big Stone is a corporation organized under the laws of the State of California, with its principal place of business in Los Angeles, California. William Choi ⁴ is president and has 100% shares of Big Stone. There is no foreign national or government's control ownership in Big Stone.

II.COMMUNICATIONS

All communications and correspondence regarding this Application should be addressed to:

William Choi

Big Stone Petroleum, Inc

309 S. Westmoreland Avenue, Los Angeles, CA 90020

Phone : (213) 291-5559 Email: bigstonelng@gmail.com

III.BIG STONE MEETS THE STANDARD FOR EXPORT AUTHORITY TO FTA NATIONS

NGA section 3(c) provides that:

[T]he exportation of natural gas to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas, shall be deemed to be consistent with the public interest, and applications for such importation or exportation shall be granted without modification or delay. ⁵

Under this statutory presumption, that portion of this Application that seeks to export LNG to FTA Nations shall be deemed to be consistent with the public interest. As required by the NGA, DOE/FE should grant such authorization without modification or delay. Indeed, DOE/FE promptly grants authorizations, as it should do here, for export to FTA nations as a matter of statutory requirement. ⁶

4. William K. Choi is a U.S. citizen. 5. 15 U.S.C. & 717b(c) (2006)

6. See, e.g., Alaska LNG Project LLC, Order No. 3554; Magonlia LNG, LLC, DOE/FE Order No. 3406 (Mar. 5, 2014); Annova LNG, LLC,

DOE/FE Order No. 3394 (Feb. 20, 2014); Delfin LNG LLC, DOE/FE Order No. 3393 (Feb. 20, 2014); Conoco Phillips Alaska Natural Gas Corp. DOE/FE Order No. 3392 (Feb. 19, 2014)

IV. BIG STONE MEETS THE STANDARD FOR EXPORT AUTHORITY TO NON-FTA

NATIONS

NGA section 3(a) sets forth the general standard of review for export applications: [N]o person shall export any natural gas from the United States to a foreign country or import any natural gas from a foreign country without first having secured an order of the [Secretary of Energy] authorizing it to do so. The [Secretary] shall issue such order upon Application, unless, after opportunity for hearing, [the Secretary] finds that the proposed exportation or importation will not be consistent with the public interest. The [Secretary] may by [the Secretary's] order grant such application, in whole or in part, with such modification and upon such terms and conditions as the [Secretary] may find necessary or appropriate.⁷

According to DOE/FE, “[a]pplying the foregoing statutory language, DOE has consistently ruled that Section 3(a) of the NGA creates a rebuttable presumption that proposed exports of natural gas are in the public interest.”⁸ Accordingly, 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.”⁹

In evaluating the “public interest” DOE/FE “has identified a range of factors that it evaluates when reviewing an application for export authorization.”¹⁰ The factors include “economic impacts, international impacts, security of natural gas supply, and environmental impacts, among others.”¹¹

7. 15 U.S.C. § 717b(a) (2006) This authority has been delegated to the Assistant Secretary for Fossil Energy pursuant to Redlegation Order No. 00-002.04D(Nov.6,2007)

8. Sabin Pass Liquefaction, LLC, DOE/FE Docket 10-111-LNG, Opinion and Order Denying Request for Review Under Section 3 (c) of the NGA (Oct.21, 2010)

9. Jordan Cove Energy System, L.P., DOE/FE Order No. 3413 at 6 (Mar. 24, 2014); Cameron LNG, LLC, DOE/FE Order No. 3391 at 6 (Feb. 11, 2014); Dominion Cove point LNG, LP, DOE/FE Order No. 3331 at 7 (Sep. 11, 2013); Lake Charles Exports, LLC, DOE/FE Order No. 3324 at 6-7 (Aug. 7, 2013); Freeport LNG Expansion, L.P., Freeport LNG Expansion and FLNG Liquefaction, LLC, DOE/FE Order No. 3282 at 6 (May 17, 2013).

10. Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC, DOE/FE Order No. 3282 at 6 (May 17, 2013).

11. Id.

DOE/FE also applies the principles set forth in its *Policy Guidelines and Delegation Orders Relating to the Regulation of Imported Natural Gas*, which are intended to promote free and open trade by minimizing federal government interference.¹² Under the Policy Guidelines:

“The market, not government, should determine the price and other contract terms of imported [or exported] gas.... The federal government’s primary responsibility in authorizing imports [or exports] should be to evaluate the need for the gas and whether the import [or export] arrangement will provide the gas on a competitively priced basis for the duration of the contract while minimizing regulatory impediments to a freely operating market.” In 2013, DOE/FE affirmed that “it continues to subscribe to the principle set forth in our 1984 Policy Guidelines that, under most circumstances, the market is the most efficient means of allocating natural gas supplies.”¹³ While the Policy Guidelines solely address imports, DOE/FE has found that the principles are applicable equally to exports.¹⁴

As started above, DOE/FE recently amended its regulations to facilitate small-scale natural gas exports. In its Small-Scale Export Rule, DOE/FE determined that small-scale exports up to and including 51.75 Bcf/yr are consistent with the public interest under NGA section 3(a). DOE/FE recognized that there is an emerging market for small-scale natural gas exports in many countries that have heretofore not been targeted by larger scale LNG projects due to practical and economic constraints.¹⁵ DOE/FE noted that these markets include, but are not limited to, countries in the Caribbean, Central American and South America that can be served by a variety of transportation modes, such as approved ISO containers. In addition, Big Stone has identified small-scale generation opportunities on South Korea and China where the voyage time of LNG ISO containers makes the fuel switch to LNG from steam coal.

Based on its analysis of the factors affecting the export of natural gas from the U.S., as well the unique characteristics and minimal adverse impacts of the emerging small-scale natural gas market, DOE/FE concluded that small-scale natural gas exports shall be deemed to be consistent with the public interest.

12. Policy Guidelines and Delegation Orders Relating to the Regulation of Imported Natural Gas, 49 Fed. Reg. 6,684 (Feb. 22, 1984) (“Policy Guidelines”)

13. Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC, DOE/FE Order No. 3282 at 112 (May 17, 2013)

14. See, e.g., Jordan Cove Energy System, L.P., DOE/FE Order No. 3413 at 7 (Mar. 24, 2014) (citing Phillips Alaska Natural Gas Corp. and Marathon Oil Co., DOE/FE Order No. 1473 at 14 (Apr. 2, 1999))

15. Small-Scale Export Rule, 83 Fed. Reg. at 35107

In reaching this conclusion, DOE/FE analyzed the factors commonly evaluated in determining whether natural gas exports are in the public interest. Relying on the Energy Information Administration's 2017 and 2018 Annual Energy Outlook ("AEO"), DOE/FE found that there are adequate natural gas resources to both meet the demand for natural gas in the United States and to export the volume of gas associated with small-scale export authorizations. DOE/FE, therefore, concluded that small-scale exports will not adversely affect the availability of natural gas supplies to domestic consumers.¹⁶

DOE/FE also concluded that small-scale natural gas exports are expected to generate positive economic benefits in the United States through direct and indirect job creation, increased economic activity, tax revenue, and improved U.S. balance of trade.¹⁷

The DOE/FE's finding of positive economic impacts in the Small-Scale Export Rule is consistent with findings made by DOE/FE in numerous orders approving many other export applications.¹⁸ Finally, DOE/FE found small-scale exports from the U.S. will provide benefits to the emerging markets by providing these countries with a more diversified, reliable and cost-effective source of energy and improve their environment by allowing them to switch from fuel sources such as diesel and/or coal to cleaner burning natural gas.

Big Stone intends to target some of the same small-scale emerging LNG markets indentified by DOE/FE in the Small-Scale Export Rule, including countries in the Central America, Latin America, as well as South Korea and China. Big Stone believes that these emerging markets have unmet demand for natural gas that Big Stone can meet with exports of LNG pursuant to the requested authorizations.

Big Stone intends to target end-users as well as power generators in these markets that currently are dependent on diesel fuel or coal as their fuel sources. Consequently, the environments in these countries will improve greatly from the substitution of high SOx and NOx emission fuels with cleaner burning natural gas fuel. Given that these emerging markets often lack the demand and infrastructure to accommodate large quantities of natural gas, large LNG carriers, and LNG gasification facilities, small-scale natural gas exports will allow these economic and environmental benefits to be realized.

16. 83 Fed. Reg. at 35109-35110

17. Id. At 35112

18. See, e.g., Conoco Phillips Company, DOE/FE Order No. 2731 at 10 (Nov.30, 2009) (exportation of LNG will help to improve the United States' balance of payments with the destination countries.); Cheniere Marketing, Inc., DOE/FE Order No. 2651 at 14 (June 8, 2009) (exports may mitigation of balance of payments); Freeport LNG Expansion, L.P., FLNG Liquefaction, LLC, FLNG Liquefaction 2, LLC and FLNG Liquefaction 3, LLC, DOE/FE Order No. 3357 at 153 (Nov. 15, 2013).

Furthermore, combining small-scale LNG exports with low sulfur fuel oils offer a cost-effective power generation solution to remote and off-grid customers reliant on high sulfur fuels in these regions. To qualify for authorization under the Small-Scale Export Rule, an applicant must (1) submit a complete application for authority to export no more than 51.75 Bcf/yr and (2) approval of the application must not require an environmental impact statement (“EIS”) or environmental assessment (“EA”) under the National Environmental Policy Act, 42 U.S.C. § 4321, et seq. (“NEPA”). 10 C.F.R. § 590.102(p); 590.208(a)

Because Big Stone will not be constructing any new facilities, Big Stone’s Application is eligible for a categorical exclusion from the requirement that DOE/FE perform an EIS or EA under NEPA.¹⁹ The Application is eligible for categorical exclusion B5.7 under the DOE/FE’s regulations implementing NEPA. 10 C.F.R. § 1021, subpart D, appendix B5.7. Consequently, Big Stone has satisfied the two elements of the Small-Scale Export Rule and is eligible for a small-scale natural gas export authorization.

V. AGENCY

DOE/FE has consistently granted the type of agency authority sought here by Big Stone. DOE/FE first addressed the concept of agency rights in Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC (“FLEX”). DOE/FE found that “FLEX has requested an acceptable process by which FLEX can act as agent for others who want to export LNG” and that “FLEX’s agency rights and registration procedures are an alternative to the non-binding policy adopted by DOE/FE in DOE Opinion and Order No. 2859... that the title for all LNG authorized to be exported shall be held by the authorization holder at the point of export.”

DOE/FE also accepted FLEX’s proposal to file the relevant long-term commercial agreements under seal once they have been executed. DOE/FE stated that by: “accepting FLEX’s requested registration process and contract terms, DOE/FE will ensure that the title holder is aware of all requirements in the Order, including destination restrictions, that DOE will have a record of all authorized exports, and that DOE will have direct contact information and point of contact with the title holder.” DOE/FE concluded that “[t]his process is responsive to current LNG markets and provides an expedited process by which companies seeking to export LNG can do so.”

DOE/FE should grant Big Stone’s proposed procedure as it is identical to the procedure that DOE/FE consistently has granted.

19. Big Stone does not plan to construct LNG facilities in the future, nor will it cause any facilities to be constructed in the future. Rather, Big Stone seeks authority to source gas from any facilities that may be constructed in the future only after such facilities have been constructed.

VI. APPENDICES

Attached hereto are Appendices required by Section 590.202 of DOE/FE's regulations:

Appendix A Verification

Appendix B Opinion of Counsel

Appendix C List of Liquefaction Facilities and Ports

VII. CONCLUSION

For the reasons set forth above, Big Stone requests that DOE/FE issue an order granting it the authorizations requested. As demonstrated herein, the authorizations requested are not inconsistent with the public interest and, in fact, are deemed to DOE/FE's regulations to be in the public interest. Accordingly, the authorizations should be granted pursuant to Section 3 of the Natural Gas Act and DOE/FE's Small Scale Export Rule.

Respectfully submitted,



William K. Choi

Big Stone Petroleum, Inc.

309 S. Westmoreland Avenue

Los Angeles, CA 90020

(213) 291-5559

bigstone1ng@gmail.com

APPENDIX A
UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

BIG STONE PETROLEUM, INC

Docket No.

VERIFICATION

County of Los Angeles)

State of California)

The undersigned, being duly sworn, on oath states that I am authorized representative of Big Stone Petroleum, Inc and is duly authorized to make this Verification; that I have read the foregoing application and all the statements and matters contained therein are true and correct to best of my information, knowledge and belief.



William k. Choi

SWORN AND SUBSCRIBED before me this 9th day of Aug, 2020.



Byung Jin Yoo

Notary Public



APPENDIX B

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

Big Stone Petroleum, Inc

)

Docket No.

Docket No.

Opinion of Counsel

JEFF A. MANN

ATTORNEY AT LAW
3600 WILSHIRE BOULEVARD
SUITE 1428
LOS ANGELES, CALIFORNIA 90010
TELEPHONE (213) 480-1902
FACSIMILE (213) 480-0410
jeffmannlaw@att.net

Mr. Benjamin Nussdorf
U.S. Department of Energy
Office of Fossil Energy
FE-34-ROOM 3E-042
1000 Independence Avenue, S.W.
Washington, DC 20585

August 18, 2020

RE: Big Stone Petroleum, Inc, Applications for Long-Term and Short-Term Authorization
to Export Liquefied Natural Gas to Both FTA and Non- FTA Countries.

Dear Mr. Benjamin:

This opinion is provided pursuant to Section 10 C.F.R. 590.220(c) of the Department of Energy Regulations, 10 C.F.R. §590.202(c), in support of the Application of Big Stone Petroleum, Inc (Big Stone) for Long-Term and Short-Term Authorization to Export Liquefied Natural Gas to Free Trade Agreement and Non-Free Trade Agreement Nations.

I am counsel to Big Stone Petroleum Inc, a corporation organized under the laws of the State of California. I have reviewed and relied upon the formation documents of Big Stone Petroleum, Inc., and it is my opinion that the proposed exports described in the Application are within the corporation powers of Big Stone Petroleum, Inc.

Very Truly Yours,

Jeff A. Mann

Counsel to Big Stone Petroleum, Inc.

APPENDIX C
UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

BIG STONE PETROLEUM, INC

Docket No.

Docket No.

LIQUEFACTION FACILITIES AND PORTS

The following is a list of the facilities from which Big Stone is seeking authority to source LNG for export at this time and the ports from which these exports will be made. Big Stone will notify DOE/FE of additional facilities it will export from prior to exporting LNG from such additional facilities:

The following facilities have been licensed by, or pending before, the Federal Energy Regulatory Commission ("FERC"). A description of the facilities may found on the FERC e-library website at the docket number provided:

1. Hackberry, Louisiana: 2.1 Bcfd (Sempra-Cameron LNG) (CP 13-25)(Port: Cameron, Louisiana)
2. Freeport, Texas: 2.14 Bcfd (Freeport LNG Dev/Freeport LNG Expansion/FLNG Liquefaction) (CP12-509) (CP15-518) (Port: Freeport, Texas)
3. Corpus Christi, Texas: 1.4 Bcfd (Cheniere- Corpus Christi LNG) (CP12-507) (Port: Corpus Christi, Texas)
4. Sabine Pass, Louisiana: 0.7 Bcfd Train 6 (Sabin Pass Liquefaction) (CP 13-552) (Port: Sabin Pass facility port, Louisiana)
5. Elba Island, Georgia: 0.35 Bcfd (Southern LNG Company) (CP 14-103) (Port: Elba Island)
6. Cameron Parish, Louisiana: 1.41 Bcfd (Venture Global Calcasieu Pass) (CP 15-550) (Port: Cameron, Louisiana)

7. Sabine Pass, Texas: 2.1 Bcfd (ExxonMobil- Golden Pass) (CP 14-517) (Port: Sabine Pass facility port, Louisiana)
8. Lake Charles, Louisiana: 2.2 Bcfd (Southern Union- Lake Charles LNG) (CP14-120) (Port: Lake Charles, Louisiana)
9. Lake Charles, Louisiana: 1.08 Bcfd (Magnolia LNG) (CP14- 347) (Port: Lake Charles, Louisiana)
10. Hackberry, Louisiana: 1.41 Bcfd (Semptra- Cameron LNG) (CP 15-560) (Port: Hackberry, Louisiana)
11. Port Arthur, Texas: 1.86 Bcfd (Port Arthur LNG) (CP 17-20) (Port: Port Arthur, Louisiana)
12. Calcasieu Parish, Louisiana: 4.0 Bcfd (Driftwood LNG) (CP 17-117) (Port: Calcasieu Parish or Cameron, Louisiana)
13. Freeport, Texas: 0.72 Bcfd (Freeport LNG Dev) (CP 17-470) (Port: Freeport, Texas)
14. Brownsville, Texas: 0.56 Bcfd (Texas LNG Brownsville LLC)(DOE/FE Order No.4489) (Port: Port of Brownsville, Texas)
15. San Patricio, Texas: 1.59 Bcfd(Corpus Christi Liquefaction Stage III, LLC) (CP 18-512, CP 18-513) (Port: The Corpus Christi LNG terminal, Texas)
16. Cameron, Texas: 0.98 Bcfd (Annova LNG Common Infrastructure, LLC) (DOE/FE Order No. 4491) (Port: Brownsville ship channel, Texas)
17. Cameron, Texas: 3.61 Bcfd (Rio Grande LNG, LLC)(DOE/FE Order No. 4492)(Port: Brownsville ship channel, Texas)