

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY AND CARBON MANAGEMENT

_____)
BLUE WATER FUELS, LLC) DOCKET NO. 19-99-LNG
_____)

ORDER VACATING LONG-TERM AUTHORIZATION FOR
SMALL-SCALE EXPORTS OF LIQUEFIED NATURAL GAS

DOE/FECM ORDER NO. 4460-A

JANUARY 13, 2022

I. INTRODUCTION

On October 31, 2019, in Order No. 4460 (Order),¹ the Department of Energy's (DOE) Office of Fossil Energy (now the Office of Fossil Energy and Carbon Management)² granted an authorization to Blue Water Fuels, LLC (Blue Water Fuels) under section 3(a) of the Natural Gas Act (NGA)³ and DOE's regulations for small-scale natural gas exports.⁴

Under that Order, DOE authorized Blue Water Fuels to export domestically produced liquefied natural gas (LNG) in a volume equivalent to 3.4 billion cubic feet per year (Bcf/yr) of natural gas.⁵ Blue Water Fuels was authorized to load the LNG into approved ISO containers at the Port Allen NuBlu LNG Facility in Port Allen, Louisiana, and at the Ehrenburg Spectrum LNG Facility in Ehrenburg, Arizona, for export to any country which the United States does not 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).⁶ This small-scale export authorization was for a term of 20 years to commence on the date of first commercial export.⁷ Previously, in Order No. 4202 (Docket No. 18-27-LNG), DOE authorized Blue Water Fuels to export LNG to FTA countries on a long-term basis,⁸ but that FTA order is not at issue in

¹ *Blue Water Fuels, LLC*, DOE/FE Order No. 4460, Docket No. 19-99-LNG, Order Granting Long-Term Authorization for Small-Scale Exports of Liquefied Natural Gas (Oct. 31, 2019), *available at*: <https://www.energy.gov/sites/prod/files/2019/11/f68/ord4460.pdf>.

² The Office of Fossil Energy changed its name to the Office of Fossil Energy and Carbon Management on July 4, 2021.

³ 15 U.S.C. § 717b(a). The authority to regulate the imports and exports of natural gas, including liquefied natural gas, under section 3 of the NGA (15 U.S.C. § 717b) has been delegated to the Assistant Secretary for FECM in Redelegation Order No. S4-DEL-FE1-2021, issued on March 25, 2021.

⁴ 10 C.F.R. §§ 590.102(p), 590.208(a); *see also* U.S. Dep't of Energy, Small-Scale Natural Gas Exports; Final Rule, 83 Fed. Reg. 35,106 (July 25, 2018).

⁵ *See Blue Water Fuels, LLC*, DOE/FE Order No. 4460, at 11.

⁶ *Id.* at 10-11.

⁷ *Id.* at 11.

⁸ *See Blue Water Fuels, LLC*, DOE/FE Order No. 4202, Docket No. 18-27-LNG, Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas in ISO Containers or in Bulk Loaded at the HR Nu Blu Energy, LLC Liquefaction Facility in Port Allen, Louisiana, and Exported by Vessel to Free Trade Agreement Nations (June 25, 2018), *amended by* DOE/FE Order No. 4202-A (Oct. 31, 2019), *available at*: <https://www.energy.gov/fecm/downloads/blue-water-fuels-llc-fe-dk-no-18-27-lng>.

this proceeding.

To ensure that Order No. 4460 was not inconsistent with the public interest under NGA section 3(a), DOE included various Terms and Conditions and Ordering Paragraphs. As relevant here, in Term and Condition B, DOE “[found] that Blue Water Fuels should be able to commence commercial export of LNG within two years,” and added this two-year deadline as a condition of the Order.⁹ Likewise, Ordering Paragraph B states that “Blue Water Fuels must commence export operations using the Facilities no later than two years from the date of issuance of this Order.”¹⁰

II. DISCUSSION

In Order No. 4460, DOE required that Blue Water Fuels must commence the authorized export operations no later than two years from the date of issuance of the Order—*i.e.*, by October 31, 2021.¹¹ On September 1, 2021, DOE sent a courtesy reminder notice (Notice) to Blue Water Fuels about its then-upcoming export commencement deadline.¹² Blue Water Fuels did not commence exports by October 31, 2021, nor has it responded to DOE’s Notice.

III. FINDINGS

For the reasons stated above, DOE finds that Blue Water Fuels has not complied with Term and Condition B and Ordering Paragraph B of Order No. 4460, as well as DOE’s regulations.¹³ In particular, because Blue Water Fuels did not commence exports by the October 31, 2021 deadline, the export authorization granted in Order No. 4460 has expired. Blue Water Fuels has not inquired about the Order or otherwise acknowledged its missed export

⁹ *Blue Water Fuels, LLC*, DOE/FE Order No. 4460, at 7.

¹⁰ *Id.* at 11.

¹¹ *See id.* at 7, 11.

¹² Email from DOE to Blue Water Fuels, LLC, Regarding Upcoming Commencement Deadline (Sept. 1, 2021), available at: https://www.energy.gov/sites/default/files/2021-11/Email%20Reminder%20Upcoming%20Export%20Deadline_Blue%20Water%20Fuels.pdf.

¹³ *See* 10 C.F.R. § 590.406 (“Compliance with orders”).

commencement deadline. In sum, DOE finds that Blue Water Fuels has not indicated an interest in maintaining this export authorization.

Under section 16 of the NGA, DOE is authorized “to prescribe, issue, make, amend, and rescind such orders, rules, and regulations as it may find necessary or appropriate” to carry out its responsibilities.¹⁴ Pursuant to this authority, DOE finds it necessary and appropriate to vacate Order No. 4460. This action is taken without prejudice, should Blue Water Fuels wish to file an application requesting a new small-scale export authorization in the future.

ORDER

Pursuant to sections 3(a) and 16 of the Natural Gas Act, it is ordered that:

A. Blue Water Fuels’ authorization to export small-scale exports of LNG granted in DOE/FE Order No. 4460 (Docket No. 19-99-LNG) is vacated; and

B. The administrative record for this docket is closed, effective immediately.¹⁵

Issued in Washington, D.C., on January 13, 2022.

Amy R. Sweeney
Director, Office of Regulation, Analysis, and Engagement
Office of Resource Sustainability

¹⁴ 15 U.S.C. § 717o.

¹⁵ As noted above, Blue Water Fuels’ long-term FTA authorization, DOE/FE Order No. 4202 (Docket No. 18-27-LNG), remains in effect. *See supra* at 2-3.