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June 10, 2024

Ms. Amy Sweeney
U.S. Department of Energy
Office of Fossil Energy and Carbon Management
Room 3E-052, FE-34
Forrestal Building
1000 Independence Avenue SW
Washington, DC 20585

**RE: Sapphire Gas Solutions, DOE/FECM Docket No. 24-57-LNG Application
for Long-Term and Short-Term Authorization to Make Small Scale
Exports of Liquefied Natural Gas to Free Trade Agreement and 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, Sapphire Gas Solutions ("Sapphire") submits its Application for Long-Term and Short-Term Authorization to Make Small-Scale Exports of Liquefied Natural Gas ("LNG") to Free Trade Agreement ("FTA") and Non-Free Trade Agreement ("Non-FTA") Countries. Specifically, Sapphire seeks long-term and short-term multi-contract authorization for itself or as agent to export up to 51.75 Bcf total of LNG per year to any FTA or non-FTA country consistent with the "small-scale natural gas exports" rule codified at 10 C.F.R. §§ 590.208(a) and 590.102(p).

Attached is a Pay.gov payment confirmation for \$50.00 to cover the applicable filing fee pursuant to 10 C.F.R. § 590.207. Please do not hesitate to reach out to the undersigned with any questions regarding this filing.

Sincerely,

/s/ Joseph H. Fagan

Joseph H. Fagan

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

Sapphire Gas Solutions) DOE/FECM Docket No. 24-57-LNG

**APPLICATION OF SAPPHIRE GAS SOLUTIONS FOR LONG-TERM AND SHORT-
TERM AUTHORIZATION TO MAKE SMALL SCALE EXPORTS OF LIQUEFIED
NATURAL GAS TO FREE TRADE AGREEMENT AND NON-FREE TRADE
AGREEMENT COUNTRIES**

Pursuant to Section 3 of the Natural Gas Act (“NGA”)¹ and Part 590 of the Department of Energy (“DOE”) regulations,² Sapphire Gas Solutions (“Sapphire”) hereby submits this Application requesting that DOE Office of Fossil Energy and Carbon Management (“DOE/FECM”) issue an order granting long-term and short-term multi-contract authorization for Sapphire to export up to 51.75 Bcf per year of natural gas produced from domestic sources in the form of Liquefied Natural Gas (“LNG”) to (1) any country with which the United States currently has a free trade agreement requiring national treatment for trade in natural gas (“FTA countries”); 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 countries”).³ Under the requested authorization, Sapphire would export LNG from Florida to locations in the Caribbean via Department of Transportation-approved International Organization for Standardization (“ISO”) containers transported by barge.

Specifically, Sapphire requests that its long-term authorization commence on the date of first commercial export and end on December 31, 2050, consistent with DOE/FECM’s Policy

¹ 15 U.S.C. § 717b.

² 10 C.F.R Part 590.

³ 10 C.F.R. §§ 590.102(p) and 590.208(a).

Statement extending natural gas export authorization for Non-FTA countries through December 31, 2050,⁴ and that its long-term authorization include authority to export the same approved volume for transactions of less than two years on a non-additive basis. Such requests are consistent with DOE/FECM's Policy Statement that found it beneficial to consolidate both short-term and long-term authority in a single authorization to streamline its regulatory process and to reduce the administrative burdens associated with separate applications.⁵

As discussed herein, Sapphire's application to make small-scale exports to a Non-FTA country is being filed under DOE/FECM's "small-scale natural gas exports" rule codified at 10 C.F.R. §§ 590.102(p) and 590.208(a), and should be deemed consistent with the public interest under Sections 3(a) and 3(c) of the NGA. Accordingly, Sapphire requests DOE/FECM approve this application without modification or delay.⁶

In support of this application, Sapphire respectfully states as follows:

I. COMMUNICATIONS

Communications regarding Sapphire's application should be directed to the following:

Patrick De Ville
Executive Vice President of Gas and
Power
Sapphire Gas Solutions
100 I-45 N, Ste. 500
Conroe, TX 77301

Joseph H. Fagan
Margaret Czepiel
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⁴ *Policy Statement Extending Natural Gas Export Authorizations to Non-Free Trade Agreement Countries Through the Year 2050*, 85 Fed. Reg. 52,237 (Aug. 25, 2020).

⁵ *Policy Statement on Including Short-Term Export Authority in Long-Term Authorizations for the Export of Natural Gas on a Non-Additive Basis*, 86 Fed. Reg. 2243 (Jan. 12, 2021).

⁶ Sapphire understands that DOE/FECM is currently pausing review of applications to export LNG to non-FTA countries. However, Sapphire also understands that the pause on review of applications does not apply to applications under the small-scale export exemption. DOE/FECM Fact Sheet, *The Temporary Pause on Review of Pending Applications to Export Liquefied Natural Gas*, at note 1 (2024) <https://www.energy.gov/sites/default/files/2024-02/The%20Temporary%20Pause%20on%20Review%20of%20Pending%20Applications%20to%20Export%20Liquefied%20Natural%20Gas.pdf>.

II. DESCRIPTION OF THE APPLICANT

The exact legal name of the applicant is Sapphire Gas Solutions. Sapphire is a nationwide provider of virtual pipeline services with its principal place of business at 100 I-45 N, Suite 500, Conroe, Texas, 77301. Sapphire's upstream owner is Apollo Global Management, Inc. Sapphire is a limited liability company incorporated in the state of Delaware and was formed for the purpose of supporting pipeline infrastructure and delivering LNG.

III. BACKGROUND AND EXISTING AUTHORIZATIONS

Sapphire currently holds a short-term authorization to import and export LNG to and from Canada by truck, and to import and export LNG to and from Mexico by truck.⁷ In the company's normal course of business, Sapphire imports LNG from Canada via truck to be used as fuel for industrial applications, in support of pipeline integrity projects, or as a peaking fuel.

In 2023, Sapphire began discussions with Cat Cay Utility Company Limited regarding the possibility of exporting LNG to Cat Cay, Bahamas. The residents of Cat Cay island have historically utilized diesel-fueled generators to provide electricity to homes and businesses. These residents desire the implementation of a cleaner, more sustainable, and less expensive power source going forward. To that end, they have already installed solar generation, but still must rely on diesel generators to supplement the island's power requirements. In furtherance of meeting the objectives of the residents, Sapphire has worked with Cat Cay Utility Company Limited to design a solution to utilize natural gas power generators fueled with LNG exported

⁷ FECM Order No. 5117, Docket No. 24-24-LNG.

from the U.S. as a primary fuel source thus lowering carbon emissions significantly. Sapphire intends to offer similar services to other islands in the Caribbean.

IV. AUTHORIZATION REQUESTED

Sapphire requests long-term and short-term multi-contract authorization to make small-scale LNG exports (less than 51.75 Bcf total annually) to FTA countries and Non-FTA countries. Sapphire would export domestically-produced LNG received from existing facilities within the United States.⁸ Sapphire expects that these LNG suppliers will acquire natural gas from supply produced throughout the United States and delivered to the relevant facilities through the integrated natural gas pipeline grid. Sapphire would export these LNG volumes from the Port of Miami via ISO containers mounted on a chassis and transported on a barge to the Bahamas. Sapphire would commence exporting LNG within 30 days of receiving DOE approval. The authorization requested by this application would extend through December 31, 2050.

Sapphire requests this authorization both on its own behalf, and when acting on behalf of other entities who themselves hold title to the LNG, after registering each such entity with DOE/FECM in accordance with the established procedures.⁹ Sapphire commits that it will comply with requirements imposed by DOE/FECM on Sapphire as an exporter and agent, including filing any relevant long-term commercial agreements once they have been executed. Sapphire is not submitting any long-term commercial agreements because at the time of this Application, no long-term commercial arrangements have been executed. There are no other

⁸ See Appendix C for a list of the potential sources of LNG. Sapphire intends to commence serving its customers with LNG. To the extent that Sapphire seeks to purchase LNG from facilities that are not included on Appendix C, Sapphire will notify DOE/FECM of such facilities. Sapphire is requesting authorization to export by LNG in order to maintain maximum flexibility to serve its customers in the most efficient way possible.

⁹ See *e.g.*, *MVKH Advisors*, DOE/FECM Order No. 4875 at 12-13 (Sept. 23, 2022).

proceedings related to this application currently pending before DOE/FECM or any other federal agency.

V. STANDARD OF REVIEW

Under NGA Section 3(c), “the 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 ... exportation shall be granted without modification or delay.”¹⁰ Accordingly, Sapphire’s request to export LNG to FTA countries “shall be deemed to be consistent with the public interest,” and DOE/FECM should grant such authorization without modification or delay.

Pursuant to NGA Section 3(a) and DOE/FECM regulations, small-scale exports to Non-FTA countries are deemed to be within the public interest.¹¹ Small-scale natural gas exports are those which meet two criteria: “(1) The application proposes to export natural gas in a volume up to and including 51.75 billion cubic feet per year, and (2) DOE’s approval of the application does not require an environmental impact statement or an environmental assessment under the National Environmental Policy Act, 42 U.S.C. 4321 et seq.”¹² As discussed below, Sapphire’s proposed exports meet both of the criteria to qualify as small-scale natural gas exports and should accordingly be deemed to be within the public interest.

¹⁰ 15 U.S.C. §717b(c) (2018).

¹¹ 10 C.F.R. § 590.208(a) (“Small-scale natural gas exports are deemed to be consistent with the public interest under section 3(a) of the Natural Gas Act, 15 U.S.C. 717b(a). DOE will issue an export authorization upon receipt of any complete application to conduct small-scale natural gas exports. DOE’s regulations regarding notice of applications, 10 CFR 590.205, and procedures applicable to application proceedings, 10 CFR part 590, subpart C (10 CFR 590.303 to 10 CFR 590.317), are not applicable to small-scale natural gas exports”).

¹² 10 C.F.R. § 590.102(p).

VI. PUBLIC INTEREST

Sapphire's proposed LNG exports are consistent with the public interest and merit prompt authorization. Sapphire's proposed small-scale exports to Non-FTA countries are deemed in the public interest under NGA Section 3(a) pursuant to Sections 590.208(a) and 590.102(p) of DOE/FECM's regulations because they meet the requirement for the small-scale export authorization exemption. The proposed exports meet the size threshold given that Sapphire is proposing to export no more than 51.75 Bcf per year and, as discussed below, Sapphire's proposed exports do not require environmental review.

While Sapphire's proposed exports to Non-FTA countries technically require no further analysis because they qualify as small-scale exports, the exports are also in the public interest. As described above, the residents of Cat Cay, Bahamas have historically utilized diesel-fueled generators to provide electricity to homes and businesses. As part of the effort to implement a cleaner, more sustainable, and more affordable power source going forward, residents have already installed solar generation, but are still heavily reliant on diesel generators to supplement the island's power requirements. The LNG that would be provided by Sapphire would help the residents of Cat Cay shift away from diesel fuel, thereby diversifying their fuel type and reducing carbon emissions. Accordingly, the proposed small-scale LNG export volumes that would serve the immediate, ongoing needs of residents of Cat Cay, Bahamas are precisely the type of small-scale exports that DOE/FECM authorized to "allow for greater diversity and competition in the natural gas market, consistent with the public interest under NGA section 3(a)."¹³ The same is true for other islands in the Caribbean with which Sapphire may do business in the future.

¹³ Final Rule, *Small-Scale Natural Gas Exports*, Docket No. 17-86-R, Fed. Reg. Vol. 83, No. 143 at 35107 (July 25, 2018).

VII. ENVIRONMENTAL IMPACT

As described, Sapphire intends to export LNG produced at the existing facilities from the Port of Miami via ISO containers transported on a barge to the Bahamas and other islands in the Caribbean. DOE regulations provide a list of categorical exclusions from the preparation of an environmental analysis or environmental impact statement under NEPA. Categorical exclusion B5.7 (“Export of natural gas and associated transportation by marine vessel”) affords an exclusion, in relevant part, for “[a]pprovals . . . of new authorizations . . . to export natural gas under section 3 of the Natural Gas Act that involve minor operational changes (such as changes in natural gas throughput, transportation, and storage operations) but not new construction.”¹⁴ The export authorization requested by Sapphire will not require new construction and accordingly qualifies for categorical exclusion B5.7.

VIII. APPENDICES

The following appendices are included with this Application:

Appendix A: Verification

Appendix B: Opinion of Counsel

Appendix C: Potential Sources of LNG

IX. CONCLUSION

For the foregoing reasons, Sapphire respectfully requests DOE/FECM grant the requested long-term and short-term multi-contract authorization for LNG exports of up to 51.75 Bcf total annually from the Port of Miami to the Bahamas and other islands in the Caribbean without modification or delay.

Respectfully submitted,

¹⁴ 10 C.F.R. Part 1021, Subpart D, App. B, Categorical Exclusion B5.7.

/s/ Joseph H. Fagan

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Counsel for Sapphire Gas Solutions

June 10, 2024

APPENDIX A

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

Sapphire Gas Solutions

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DOE/FECM Docket No. 24-57-LNG

VERIFICATION

I, Patrick De Ville, declare that I am Executive Vice President of Gas and Power and am duly authorized to make this Verification on behalf of Sapphire Gas Solutions; that I have read the foregoing Application and that the facts stated therein are true and correct to the best of my knowledge, information and belief.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed in Houston, Texas on May 15, 2024.

/s/

Patrick De Ville

Executive Vice President of Gas and Power
Sapphire Gas Solutions
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APPENDIX B

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

Sapphire Gas Solutions

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DOE/FECM Docket No. 24-57-LNG

OPINION OF COUNSEL

This opinion is submitted pursuant to Section 590.2029c) of the Department of Energy's Regulations, 10 C.F.R. § 590.202(c) and in connection with the request of Sapphire Gas Solutions ("Sapphire") for a blanket authorization to export liquefied natural gas. I am counsel for Sapphire. I have reviewed and relied upon the corporate formation documents of Sapphire and it is my opinion that the proposed export of liquefied natural gas is within Sapphire's corporate powers.

Respectfully submitted,

/s/ Joseph H. Fagan

Joseph H. Fagan

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Dated: June 10, 2024

APPENDIX C

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

Sapphire Gas Solutions

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DOE/FECM Docket No. 24-57-LNG

LIQUEFACTION FACILITIES AND PORTS

Below is a list of the facilities from which Sapphire Gas Solutions (“Sapphire”) is seeking authority to source LNG for export at this time. Sapphire will notify DOE/FECM of any additional facilities from which it will source LNG for export.

1. JAX LNG, Jacksonville, Florida. JAX LNG, a liquefied natural gas (“LNG”) facility located at Dames Point in Jacksonville, FL, is owned by subsidiaries of Southern Company Gas and North Star Midstream, LLC. The JAX LNG facility has the capacity to produce 120,000 gallons of LNG per day and store more than 2 million gallons of LNG.
2. Eagle LNG Partners, Maxville, Florida. Eagle LNG has built a natural gas liquefaction plant near Jacksonville, FL, which offers a capacity of 200,000 gallons per day (87,000 gallons per day initially). The Eagle LNG facility is located west of downtown Jacksonville and features a 1,000,000-gallon storage tank and an LNG truck loading system. The facility is also designed to load LNG ISO containers for transport to nearby island markets. To support fueling ships, Eagle LNG is building a fuel depot dockside at the Talleyrand Marine Terminal on the St. Johns River.
3. New Fortress LNG plant, Hialeah, Florida. 100,000 gallon per day capacity, LNG Source: Liquefaction.
4. Coosada LNG facility, Spire Energy, Alabama 80 MMCF Total Capacity, LNG Source: Liquefaction.
5. Pinson LNG facility, Spire Energy, Alabama 120 MMCF Total Capacity, LNG Source: Liquefaction.
6. East Lauderdale LNG Facility, Spire Energy, Alabama 2.988 MMCF Total Capacity, LNG Source: Truck.
7. Double Springs LNG Facility, Spire Energy, Alabama .768 MMCF Total Capacity, LNG Source: Truck.
8. Cherokee LNG Facility, Atlanta Gas Light Co. 624 MMCF Total Capacity, LNG Source: Liquefaction.

9. Macon LNG Facility, Atlanta Gas Light Co. 150 MMCF Total Capacity, LNG Source: Liquefaction.
10. Riverdale LNG, Atlanta Gas Light Co. 400 MMCF Total Capacity, LNG Source: Liquefaction.
11. Pivotal LNG, Trussville, AL. Pivotal LNG, a wholly-owned subsidiary of Berkshire Hathaway Energy Gas Transmission and Storage, owns and operates the Trussville LNG plant located in Trussville, Alabama. The plant currently has storage of 4.8 million gallons and produces approximately 60,000 gallon per day. Trussville has two scales and three loading racks to allow multiple transfers and truck loading operations simultaneously.
12. Stabilis Energy, George West, Texas. The George West LNG facility is a small-volume LNG production facility located in the Eagle Ford shale production area in George West, Texas. The facility is owned and operated by Flint Hills Resources and has a liquefaction capacity of 120,000 gallons per day and a 40,000 gallon LNG Fuel Depot in Odessa providing customers with access to LNG 24 hours a day. The facility features two truck loading racks that can load two transport trailers simultaneously in less than an hour.
13. Clean Energy Pickens Plant, Willis, Texas. The Clean Energy LNG facility in Willis, Texas known as the Pickens Plant is a small-volume LNG production owned and operated by Clean Energy Fuels Corporation. The facility has a liquefaction capacity of 100,000 gallons per day and a storage capacity of 1 million gallons. The facility is capable of loading twelve (12) trucks per day.
14. NuBlu, Port Allen Plant, Louisiana. The Port Allen Plant is a small-volume LNG production facility owned and operated by NuBlu along the Mississippi River in Louisiana utilizing high and low-pressure natural gas pipelines. The 30,000 gallons per day facility, expandable to 90,000 gallons per day, is equipped with scales, loadout and 100,000 gallons of permanent storage.
15. Kinetrex Energy, Indianapolis, IN. Kinetrex Energy, a wholly-owned subsidiary of Kinder Morgan, operates two LNG facilities in Indianapolis, knowns as the LNG North Plant and the LNG South Plant. Each facility have 1 bcf of storage capacity, converts approximately 125,000 gallons of LNG per day and has two loading stations capable of fueling 48 loads of LNG daily.
16. Frontier Natural Resources, Inc. Frontier is an independent oil and gas producer based in central Pennsylvania. Frontier produces LNG from stranded natural gas assets. It operates two small-scale LNG facilities, one in Mansfield, PA and the other in Clearfield, PA. The Mansfield facility produces 6,000 gallons of LNG per day. The LNG is stored on site for transfer to cryo-tankers for transport to market. The Clearfield facility produces 36,000 gallons of LNG per day that is similarly stored on site for transfer to cryo-tankers for transport to market