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July 11, 2014

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Mr. John Anderson
Office of Fuel Programs, Fossil Energy
U.S. Department of Energy
Docket Room 3F-056, FE-50
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**Re: In the Matter of Sabine Pass Liquefaction, LLC
FE Docket No. 14-92-LNG
Application for Long-Term Authorization to Export Liquefied Natural Gas to Free
Trade Agreement Nations**

Dear Mr. Anderson:

Enclosed for filing on behalf of Sabine Pass Liquefaction, LLC ("SPL"), please find SPL's application for long-term multi-contract authorization for SPL to engage in exports of domestically produced liquefied natural gas ("LNG") in an amount up to the equivalent of approximately 203 billion standard cubic feet of natural gas per year. SPL is seeking authorization to export LNG to any nation that currently has or in the future develops the capacity to import LNG and with which the United States currently has, or in the future enters into, a free trade agreement requiring the national treatment for trade in natural gas and LNG. SPL is seeking such authorization for a 25-year period commencing the date of first export or eight years from the date of issuance of the authorization requested herein.

Should you have any questions, please contact the undersigned at (212) 318-3009.

Respectfully submitted,

/s/ Tania S. Perez

Lisa M. Tonery
Tania S. Perez
Charles R. Scott
Attorneys for Sabine Pass Liquefaction, LLC

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**UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY**

In The Matter Of:)
)
SABINE PASS LIQUEFACTION, LLC) **FE Docket No. 14 - 92 - LNG**
)

**APPLICATION OF SABINE PASS LIQUEFACTION, LLC
FOR LONG-TERM AUTHORIZATION
TO EXPORT LIQUEFIED NATURAL GAS
TO FREE TRADE AGREEMENT NATIONS**

Pursuant to Section 3 of the Natural Gas Act (“NGA”)¹ and Part 590 of the Department of Energy’s (“DOE”) regulations,² Sabine Pass Liquefaction, LLC (“SPL”) hereby requests that DOE, Office of Fossil Energy (“FE”) grant long-term multi-contract authorization for SPL to engage in exports of domestically produced liquefied natural gas (“LNG”) in an amount up to the equivalent of approximately 203 billion standard cubic feet (“Bcf”) per year (“Bcf/y”) (or 0.56 Bcf per day (“Bcf/d”)) of natural gas.³ SPL is seeking authorization to export LNG to any nation that currently has or in the future develops the capacity to import LNG and with which the United States currently has, or in the future enters into, a free trade agreement (“FTA”) requiring the national treatment for trade in natural gas and LNG.⁴ SPL is seeking such authorization for a 25-year period commencing the date of first export or eight years from the date of issuance of the authorization requested herein.

¹ 15 U.S.C. § 717b (2012).

² 10 C.F.R. Part 590 (2014).

³ The requested export volume is equivalent to approximately 4 million tonnes per annum (mtpa). SPL currently has long-term authorization from DOE/FE to export 1,306.3 Bcf per year of LNG from the Liquefaction Project to FTA nations. *See Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 3384, Table 1 at 5 (Jan. 22, 2014).

⁴ Currently, the countries that have such FTAs with the United States include: Australia, Bahrain, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Chile, Morocco, Canada, Mexico, Oman, Peru, Singapore, Republic of Korea, Jordan, and Panama.

In support hereof, SPL provides as follows:

10 C.F.R. § 590.202(a):

1. Exact legal name of applicant:

The exact legal name of the applicant is Sabine Pass Liquefaction, LLC. SPL has its principal place of business in Houston, Texas.

2. Service list contacts:

All correspondence and communications concerning this application, including all service of pleadings and notices, should be directed to the following persons:⁵

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3. Statement of action sought from DOE/FE:

SPL hereby requests that DOE/FE grant long-term, multi-contract authorization for SPL to export 203 Bcf/y of natural gas in the form of LNG from the Sabine Pass Liquefaction Project to FTA nations.⁶ SPL is herein seeking the issuance by DOE/FE of authorization to export LNG

⁵ SPL requests waiver of Section 590.202(a) of DOE's regulations, 10 C.F.R. § 590.202(a) (2014), to the extent necessary to include outside counsel on the official service list in this proceeding.

⁶ The Liquefaction Project is being developed by SPL and its affiliate, Sabine Pass LNG, L.P. ("Sabine Pass LNG"), at the existing Sabine Pass LNG import, storage and vaporization terminal in Cameron Parish, Louisiana ("Sabine Pass LNG Terminal"). The Federal Energy Regulatory Commission ("Commission" or "FERC") authorized the construction and operation of the Liquefaction Project consisting of four LNG production trains (*i.e.*, Trains 1, 2, 3 and 4). *See Sabine Pass Liquefaction, LLC and Sabine Pass LNG, L.P.*, 139 FERC ¶ 61,039 (2012), *reh'g denied*, 140 FERC ¶ 61,076 (2012); *see also Sabine Pass Liquefaction, LLC and Sabine Pass LNG, L.P.*, 144 FERC ¶ 61,099 (2013); *Sabine Pass Liquefaction, LLC and Sabine Pass LNG, L.P.*, 146 FERC ¶ 61,117 (2014). Trains 1 through 4 (Stages 1 and 2) of the Liquefaction Project currently are

for a 25-year term commencing the earlier of the date of first export or eight years from the date of issuance of the authorization requested herein.

SPL is requesting authorization to export LNG for itself and as agent for third parties who themselves hold title to the LNG at the time of export. SPL will comply with all DOE/FE requirements for exporters and agents, including the registration requirements as first established in *Freeport LNG Development, L.P.*, DOE/FE Order No. 2913, and confirmed in *Gulf Coast LNG Export, LLC*, DOE/FE Order No. 3163.⁷ In this regard, when acting as agent, SPL will register with DOE/FE each LNG title holder for whom it seeks to export as agent, and will provide DOE/FE with a written statement by the title holder acknowledging and agreeing to (i) comply with all requirements in SPL's export authorization; and (ii) include those requirements in any subsequent purchase or sale agreement entered into by the title holder.

SPL respectfully requests that the DOE/FE issue the requested authorization without modification or delay in accordance with the applicable standard of review under Section 3(c) of the NGA.⁸

under construction. On September 30, 2013, SPL, Sabine Pass LNG and another affiliate, filed an application in Docket No. CP13-552-000 requesting authorization to site, construct and operate two additional LNG process trains (Trains 5 and 6 in Stage 3), which is pending before FERC.

⁷ See *Freeport LNG Development, L.P.*, DOE/FE Order No. 2913 (Feb. 17, 2011); *Gulf Coast LNG Export, LLC*, DOE/FE Order No. 3163 (Jan. 10, 2012).

⁸ 15 U.S.C. § 717b(c) (2012).

4. Justification for the action sought from DOE/FE, including why such action is not inconsistent with the public interest:

The granting of the authorization requested herein is justified pursuant to Section 3(c) of the NGA, which provides that applications for authorization to export natural gas and LNG to nations with which the United States has an FTA requiring the national treatment for trade in natural gas and LNG are deemed to be in the public interest and must be granted without modification or delay.⁹ DOE/FE consistently has found that, in light of its statutory obligation, there is no need for it to engage in an analysis of factors affecting the public interest in acting on such applications. Accordingly, SPL is not submitting a detailed public interest analysis in support of this application, but nonetheless briefly discusses below the lack of domestic demand for the LNG to be exported.

10 C.F.R. § 590.202(b):

1. Scope of the project, including volumes of natural gas involved, dates of commencement and completion of proposed export and facilities to be utilized or constructed:

SPL herein requests authorization to export LNG in an amount up to the equivalent of approximately 203 Bcf/y of natural gas. Trains 1 through 4 of the Liquefaction Project currently are under construction.¹⁰ SPL anticipates that exports will commence in 2015.

2. Source and security of the natural gas supply to be exported:

SPL will purchase natural gas to be used as fuel and feedstock for LNG production from the interstate and intrastate grid at points of interconnection with other pipelines and points of liquidity both upstream and downstream of the Cheniere Creole Trail Pipeline, L.P. system and

⁹ See 15 U.S.C. §717b. See also *Jordan Cove Energy Project, L.P.*, DOE/FE Order No. 3041 (Dec. 7, 2011); *Carib Energy (USA) LLC*, DOE/FE Order No. 2993 (July 27, 2011); *Waller LNG Services, LLC d/b/a Waller Point LNG*, DOE/FE Order No. 3211 (Dec. 20, 2012).

¹⁰ See *supra* n. 6.

other systems that will interconnect with the Liquefaction Project. Through these pipelines' interconnections with various other interstate and intrastate pipeline systems, the Liquefaction Project will have access to virtually any point on the U.S. interstate pipeline system through direct delivery or by displacement.¹¹ The proximity of the Liquefaction Project to multiple interstate and intrastate pipelines will enable SPL to purchase natural gas from multiple conventional and unconventional basins located across the region, state, and virtually anywhere in the nation. This supply can be sourced in large volumes in the spot market, or pursued under long-term arrangements. To date, SPL has not entered into any natural gas purchase agreements for the purpose of supplying natural gas feedstock for the exports contemplated in this application.

3. Identification of participants in the transaction, and affiliations:

SPL is an indirect subsidiary of Cheniere Energy Partners, L.P. ("Cheniere Partners"), a Delaware limited partnership with majority interest held by Cheniere Energy, Inc. ("Cheniere Energy") and its subsidiaries. Cheniere Partners is a Delaware limited partnership with its primary place of business in Houston, Texas, and Cheniere Energy is a Delaware corporation with its primary place of business in Houston, Texas. Cheniere Energy, both of its own accord and through Cheniere Partners, is a developer of LNG terminals and natural gas pipelines on the Gulf Coast, including the Sabine Pass LNG Terminal. SPL is authorized to do business in the States of Texas and Louisiana.

¹¹ SPL has previously explained that the historically prolific Gulf Coast Texas and Louisiana onshore gas fields, the gas fields in the Permian, Anadarko, and Hugoton basins, and the emerging unconventional gas fields in the Barnett, Haynesville, Eagle Ford, Fayetteville, Woodford, and Bossier basins represent the most likely sources of physical supply. *See Sabine Pass Liquefaction, LLC*, Application for Long-Term Authorization to Export Liquefied Natural Gas, FE Docket No. 10-111-LNG (Sept. 7, 2010). Given the large size of the reserves in these fields and, in particular, the well-documented increase in production associated with the emerging unconventional resources, the proposed exports are not anticipated to have any meaningful impact on the availability or pricing of domestic natural gas. *See id.*

4. Terms of the transaction:

SPL has not yet entered into any long-term gas supply or long-term export contracts in conjunction with the LNG export authorization requested herein. Accordingly, SPL is not submitting transaction-specific information (e.g., long-term supply agreements and long-term export agreements) at this time, and requests that DOE/FE make a similar finding to that in DOE/FE Order No. 2961, and most recently set forth in *Jordan Cove Energy Project, L.P.*, DOE/FE Order No. 3413,¹² with regard to the transaction-specific information requested in Section 590.202(b) of the DOE regulations.

SPL will file—or cause to be filed—either unredacted contracts, or long-term contracts under seal, with either: (i) a copy of each long-term contract with commercially sensitive information redacted, or (ii) a summary of all major provisions of the contracts including, but not limited to, the parties to each contract, contract term, quantity, any take-or-pay or equivalent provisions/conditions, destinations, re-sale provisions, and other relevant provisions.

5. Price adjustment mechanisms; competitiveness:

DOE issued its *Policy Guidelines* in 1984, delineating the criteria that DOE shall utilize in reviewing applications for natural gas imports;¹³ the agency has applied these criteria in its review of applications for natural gas exports, as well.¹⁴ The *Policy Guidelines* provide that the “policy cornerstone of the public interest standard is competition.”¹⁵ Competitive import/export

¹² See *Jordan Cove Energy Project, L.P.*, DOE/FE Order No. 3413 at 149 (March 24, 2014).

¹³ DOE, *New Policy Guidelines and Delegation Orders From Secretary of Energy to Economic Regulatory Administration and Federal Energy Regulatory Commission Relating to the Regulation of Imported Natural Gas*, 49 Fed. Reg. 6684 (Feb. 22, 1984)

¹⁴ See *Phillips Alaska Nat. Gas Corp. & Marathon Oil Co.*, DOE/FE Order No. 1473, at 14 (Apr. 2, 1999) (citing *Yukon Pac. Corp.*, DOE/FE Order No. 350, 1 FE ¶ 70,259, at ¶ 71,128 (1989)).

¹⁵ 49 Fed. Reg. at 6687.

arrangements are therefore an essential element of the public interest and, so long as the sales agreements are set in terms that are consistent with competitively-determined prices of domestic natural gas, they should be considered to “largely” meet the public interest standard.¹⁶ SPL anticipates reaching contractual arrangements for the authorization sought herein consistent with competitively-determined prices.

6. Lack of national or regional need for the gas to be exported:

SPL notes that it is evident from the current supply/demand balance of natural gas in the United States that its request for authorization to export domestic natural gas production from the Liquefaction Project is not inconsistent with the public interest, and that such conclusion is supported by the extensive record SPL has developed before DOE/FE.¹⁷

7. Environmental impact:

The environmental impacts associated with the instant request for authorization to export additional volumes of LNG from the Liquefaction Project were considered by FERC in Docket No. CP14-12-000. More specifically, based on the Environmental Assessment issued on January 24, 2014, the Commission concluded that approval of SPL’s and Sabine Pass LNG’s request to increase the Liquefaction Project’s authorized maximum LNG production capacity from approximately 2.2 to approximately 2.76 Bcf/d did not constitute a major federal action significantly affecting the quality of the human environment.¹⁸

¹⁶ *See id.*

¹⁷ *See, e.g., Sabine Pass Liquefaction, LLC*, Application for Long-Term Authorization to Export Liquefied Natural Gas 50–54, FE Docket No. 10-111-LNG (Sept. 7, 2010) (explaining that supply/demand balance demonstrates the lack of regional/national need). SPL recently augmented that record by filing a supplement to its various pending applications in FE Docket Nos. 13-30-LNG, 13-42-LNG and 13-121-LNG, providing a report commissioned by Cheniere Energy Inc. from NERA Econ. Consulting (“NERA”), *Updated Impacts of LNG Exports from the United States*. That report was prepared to update the 2012 report prepared by NERA, *Macroeconomic Impacts of LNG Exports From the United States*, that was commissioned by DOE/FE.

¹⁸ *Sabine Pass Liquefaction, LLC and Sabine Pass LNG, L.P.*, 146 FERC ¶ 61,117, P 20 (2014).

WHEREFORE, SPL respectfully requests that DOE/FE grant its request for long-term, multi-contract authorization to engage in exports of 203 Bcf/y of domestically produced LNG from the Liquefaction Project to FTA nations, for a 25-year period commencing the date of first export or eight years from the date of issuance of the authorization requested herein. SPL respectfully requests that the DOE/FE issue the requested authorization without modification or delay in accordance with the standard of review under NGA Section 3(c).

Respectfully submitted,

/s/ Lisa M. Tonery

Lisa M. Tonery

Tania S. Perez

Charles R. Scott

Attorneys for

Sabine Pass Liquefaction, LLC

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Dated: July 11, 2014

Appendix A

OPINION OF COUNSEL



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July 11, 2014

Office of Fuel Programs, Fossil Energy
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Re: In the Matter of Sabine Pass Liquefaction, LLC
FE Docket No. 14-92 -LNG
Application for Long-Term Authorization to Export Liquefied Natural Gas to Free
Trade Agreement Nations
Opinion of Counsel

Dear Sir or Madam:

This opinion of counsel is provided in accordance with the requirements of Section 590.202(c) of the U.S. Department of Energy's regulations, 10 C.F.R. § 590.202(c) (2014). I have examined the Limited Liability Company Agreement of Sabine Pass Liquefaction, LLC ("SPL") and other authorities as necessary, and have concluded that the proposed exportation of liquefied natural gas is within SPL's corporate powers. Further, SPL is authorized to do business in Louisiana and Texas, and to engage in foreign commerce.

Respectfully submitted,


By: Rina W. Chang, *Senior Counsel*
Cheniere Energy, Inc.
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VERIFICATION

State of Texas)
County of Harris)

BEFORE ME, the undersigned authority, on this day personally appeared Patricia Outtrim, who, having been by me first duly sworn, on oath says that she is the Vice President, Governmental and Regulatory Affairs, for Cheniere Energy, Inc. and is duly authorized to make this Verification; that she has read the foregoing instrument and that the facts therein stated are true and correct to the best of her knowledge, information and belief.

Pat Outt

Patricia Outtrim

SWORN TO AND SUBSCRIBED before me on the 11th day of July, 2014.

TERRI BACHAND

Name: TERRI BACHAND

Title: Notary Public

My Commission expires:

08/16/2018

