

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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LOUISIANA LNG ENERGY LLC

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FE DOCKET NO. 14-19-LNG

FE DOCKET NO. 14-29-LNG

ORDER VACATING LONG-TERM, MULTI-CONTRACT AUTHORIZATION TO EXPORT LIQUEFIED NATURAL GAS BY VESSEL TO FREE TRADE AGREEMENT NATIONS AND DISMISSING APPLICATION TO EXPORT LIQUEFIED NATURAL GAS BY VESSEL TO NON-FREE TRADE AGREEMENT NATIONS

DOE/FE ORDER NO. 3482-A

**I. BACKGROUND**

On August 28, 2014, in FE Docket No. 14-19-LNG, the U.S. Department of Energy, Office of Fossil Energy (DOE/FE), issued DOE/FE Order No. 3482 to Louisiana LNG Energy LLC (LLNG).<sup>1</sup> This order, issued under section 3(c) of the Natural Gas Act (NGA),<sup>2</sup> authorizes LLNG to export domestically produced liquefied natural gas (LNG) from LLNG's proposed facility to be constructed in Plaquemines Parish, Louisiana, to countries with which the United States has 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 (FTA countries). This FTA

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<sup>1</sup> *Louisiana LNG Energy LLC*, DOE/FE Order No. 3482, FE Docket No. 14-19-LNG, Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed Louisiana LNG Energy Project in Plaquemines Parish, Louisiana, to Free Trade Agreement Nations (Aug. 28, 2014).

<sup>2</sup> 15 U.S.C. § 717b(c). Authority to regulate the imports and exports of natural gas, including liquefied natural gas, under section 3 of the NGA has been delegated to the Assistant Secretary for FE in Redelegation Order No. 00-006.02 issued on November 17, 2014.

authorization allows LLNG to export LNG in a volume equivalent to approximately 103.4 billion cubic feet per year (Bcf/yr) of natural gas for a 25-year term.

Additionally, on February 18, 2014, in FE Docket No. 14-29-LNG, LLNG filed an application with DOE/FE requesting authorization to export the same volume of LNG (103.4 Bcf/yr) from LLNG's proposed facility to countries with which the United States does not have a FTA requiring national treatment for trade in natural gas (non-FTA countries).<sup>3</sup> This non-FTA application, filed under NGA section 3(a)<sup>4</sup> and later supplemented by LLNG, remains pending.

## **II. DISCUSSION**

On June 12, 2017, DOE/FE issued an Order to Show Cause in both of LLNG's dockets, pursuant to section 3 of the NGA and DOE/FE's regulations at 10 C.F.R. § 590.401.<sup>5</sup> In the Order to Show Cause, DOE/FE describes LLNG's failure to comply with the semi-annual reporting requirements set forth in its FTA authorization (DOE/FE Order No. 3482), as well as LLNG's failure to notify DOE/FE that the Federal Energy Regulatory Commission (FERC) had terminated the pre-filing review process for LLNG's proposed LNG facility.<sup>6</sup>

Specifically, DOE/FE notes that LLNG's last semi-annual report in compliance with Ordering Paragraph J of its FTA authorization occurred more than 18 months ago, on November 4, 2015 (which itself was late).<sup>7</sup> LLNG failed to file the semi-annual reports due on April 1 and

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<sup>3</sup> Louisiana LNG Energy LLC, Application for Long-Term Authorization to Export Liquefied Natural Gas to Non-Free Trade Agreement Countries, FE Docket No. 14-29-LNG (Feb. 18, 2014).

<sup>4</sup> 15 U.S.C. § 717b(a).

<sup>5</sup> *Louisiana LNG Energy LLC*, FE Docket Nos. 14-19-LNG & 14-29-LNG, Order to Show Cause (June 12, 2017).

<sup>6</sup> *See id.* at 2-4.

<sup>7</sup> Louisiana LNG Energy LLC, Semi-Annual Report, FE Docket No. 14-19-LNG (Nov. 4, 2015), available at: <https://www.energy.gov/fe/downloads/semi-annual-reports-louisiana-lng-energy-llc-fe-dkt-no-14-19-lng-order-3482>.

October 1, 2016, and April 1, 2017. Throughout this time period, DOE/FE made repeated efforts to contact LLNG, with no success.<sup>8</sup>

Additionally, on December 13, 2016, FERC issued a letter to LLNG terminating the pre-filing review of LLNG's proposed LNG facility due to LLNG's inaction.<sup>9</sup> Among other issues, FERC pointed out that LLNG "has not filed the application needed for staff to continue the environmental review of [the] project."<sup>10</sup> FERC is thus no longer reviewing the proposed LNG export facility upon which both LLNG's FTA authorization and non-FTA application are based. LLNG failed to notify DOE/FE of FERC's termination notice, in violation of DOE/FE's regulations governing both the FTA authorization and the non-FTA application.<sup>11</sup>

For these reasons, DOE/FE ordered LLNG to show cause in writing, within 30 days, why DOE/FE Order No. 3482 should not be vacated without prejudice and why LLNG's non-FTA application should not be dismissed without prejudice.<sup>12</sup> More than 30 days have passed since DOE/FE issued the Order to Show Cause. LLNG has not responded to the Order to Show Cause nor otherwise contacted DOE/FE. LLNG has provided no indication that it intends to maintain its FTA authorization or move forward with its non-FTA application.<sup>13</sup> In light of LLNG's continuing lack of engagement with DOE/FE (as well as FERC's termination of LLNG's pre-filing review), DOE/FE must conclude that LLNG is no longer pursuing its proposed LNG export project.

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<sup>8</sup> DOE/FE attempted to contact the person listed on LLNG's filings as its official contact, as well as LLNG's counsel of record. Emails to LLNG's contact person bounced back. LLNG's counsel of record informed DOE/FE that they are no longer representing LLNG. DOE/FE's efforts to contact other individuals associated with LLNG likewise were not successful.

<sup>9</sup> See Letter from Ann Miles, Director of FERC's Office of Energy Projects, to Martin Houston, Chairman of LLNG, Re: Pre-Filing Review Termination of the Mississippi River LNG Project, FERC Docket No. PF14-17-000 (Dec. 13, 2016).

<sup>10</sup> *Id.* at 1.

<sup>11</sup> See Order to Show Cause at 3 (citing 10 C.F.R. §§ 590.407, 590.204(a), 590.202(b)(7)).

<sup>12</sup> See *id.* at 5.

<sup>13</sup> See *id.* at 4.

### III. FINDINGS

For the reasons set forth above and in the Order to Show Cause, DOE/FE finds that LLNG is in violation of Ordering Paragraph J of its FTA authorization (DOE/FE Order No. 3482) and governing DOE/FE regulations pertaining to both the FTA authorization and LLNG's pending non-FTA application. Under section 16 of the NGA, DOE is authorized "to perform any and all acts, and to prescribe, issue, make, amend, and rescind such orders, rules, and regulations as it may find necessary or appropriate" to carry out its responsibilities.<sup>14</sup> Pursuant to this authority, DOE finds it necessary and appropriate to vacate LLNG's FTA authorization and dismiss LLNG's non-FTA application. Both actions are taken without prejudice, should LLNG wish to seek an LNG export authorization from DOE/FE in the future.

### ORDER

Pursuant to section 3 of the Natural Gas Act, DOE/FE orders as follows:

- (1) LLNG's FTA authorization granted in DOE/FE Order No. 3482 (FE Docket No. 14-19-LNG) is vacated;
- (2) LLNG's pending non-FTA application in FE Docket No. 14-29-LNG is dismissed; and
- (3) The administrative record for both dockets is closed, effective immediately.

Issued in Washington, D.C., on July 24, 2017.



Digitally signed by John A.  
Anderson

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John A. Anderson  
Director, Office of Regulation and International Engagement  
Office of Oil and Natural Gas

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<sup>14</sup> 15 U.S.C. § 717o.