



## **I. DESCRIPTION OF REQUEST**

On December 20, 2017, Sabine Pass Liquefaction, LLC (Sabine Pass) filed an application (Application)<sup>1</sup> with the Office of Fossil Energy (FE) of the Department of Energy (DOE) under section 3 of the Natural Gas Act (NGA), 15 U.S.C. § 717b,<sup>2</sup> requesting blanket authorization to engage in short-term exports of domestically produced liquefied natural gas (LNG). Sabine Pass seeks authorization to export this LNG in a volume up to the equivalent of 600 billion cubic feet (Bcf) of natural gas on a cumulative basis from the Sabine Pass Liquefaction Project.<sup>3</sup> The Liquefaction Project is being developed by Sabine Pass and its affiliate, Sabine Pass LNG, L.P., at the existing Sabine Pass LNG import, storage, and vaporization terminal in Cameron Parish, Louisiana (Sabine Pass LNG Terminal).

Sabine Pass requests authorization to export this LNG to any country with the capacity to import LNG via ocean-going carrier and with which trade is not prohibited by U.S. law or policy. This includes: (i) any country with which the United States currently has, or in the future will 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 (FTA countries),<sup>4</sup> and (ii) any other country with which trade is not prohibited by U.S. law or policy (non-FTA countries).

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<sup>1</sup> Application of Sabine Pass Liquefaction, LLC for Blanket Authorization to Export Liquefied Natural Gas, FE Docket No. 17-161-LNG (Dec. 20, 2017) [hereinafter Sabine Pass App.].

<sup>2</sup> 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 FE in Redelegation Order No. 00-006.02 issued on November 17, 2014.

<sup>3</sup> The Federal Energy Regulatory Commission (FERC) has authorized the construction and operation of six LNG production trains (*i.e.*, Trains 1-6) at the Sabine Pass LNG Terminal. As approved by FERC to date, the total authorized production capacity of the Sabine Pass Liquefaction Project is approximately 29 million metric tons per annum of LNG, or 4.14 Bcf per day of natural gas (1511.1 Bcf per year (Bcf/yr)). *See* Sabine Pass App. at 1 n.3; *see also Sabine Pass Liquefaction Expansion, LLC, et al.*, Order Granting Authorization Under Section 3 of the Natural Gas Act and Issuing Certificates, 151 FERC ¶ 61,012 (April 6, 2015), *reh'g denied*, 151 FERC ¶ 61,253 (June 23, 2015).

<sup>4</sup> The United States currently has FTAs requiring national treatment for trade in natural gas with Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore. FTAs with Israel and Costa Rica do not require national treatment for trade in natural gas.

Sabine Pass seeks to export the LNG over a two-year period commencing on the later of the date of first short-term export or January 16, 2018. Sabine Pass seeks to export the LNG on its own behalf and as agent for other entities who will hold title to the LNG at the time of export.

The portion of Sabine Pass's Application that seeks authorization to export LNG to FTA countries is being reviewed pursuant to NGA section 3(c), 15 U.S.C. § 717b(c), and approved in this Order. The portion of the Application that seeks authorization to export LNG to non-FTA countries will be reviewed pursuant to NGA section 3(a), 15 U.S.C. § 717b(a), and addressed in a separate order.<sup>5</sup>

## **II. BACKGROUND**

**Applicant.** Sabine Pass is a limited liability company organized under the laws of Delaware. It is a wholly-owned indirect subsidiary of Cheniere Energy Partners, L.P., a publicly-traded Delaware limited partnership that is, in turn, an indirect subsidiary of Cheniere Energy, Inc. (Cheniere Energy), a publicly-traded corporation.<sup>6</sup> Sabine Pass states that Cheniere Energy is a developer of LNG import and export terminals and natural gas pipelines on the Gulf Coast, including the Sabine Pass Liquefaction Project. Sabine Pass further states that it is authorized to do business in Louisiana and Texas, and has its principal place of business in Houston, Texas.

**Procedural History.** Sabine Pass holds several long-term export authorizations from DOE/FE to export LNG from the Sabine Pass LNG Terminal to both FTA and non-FTA countries. As relevant here, Sabine Pass's long-term FTA authorizations include:

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<sup>5</sup> Sabine Pass Liquefaction, LLC, Application for Blanket Authorization to Export Liquefied Natural Gas to Non-Free Trade Agreement Countries on a Short-Term Basis, 82 Fed. Reg. 61,555 (Dec. 28, 2017).

<sup>6</sup> See *Sabine Pass Liquefaction, LLC, et al.*, Description of Recent Equity Ownership Change, FE Docket No. 13-121-LNG, *et al.*, 1-2 (Jan. 15, 2016).

- DOE/FE Order No. 2833, authorizing Sabine Pass to export 803 Bcf/yr from Trains 1-4 to FTA countries;<sup>7</sup>
- DOE/FE Order No. 3595, authorizing the export of an additional 203 Bcf/yr from Trains 1-4 to FTA countries;<sup>8</sup>
- DOE/FE Order No. 3306, authorizing the export of 101 Bcf/yr from Trains 5 and 6 to FTA countries;<sup>9</sup>
- DOE/FE Order No. 3307, authorizing the export of 88.3 Bcf/yr from Trains 5 and 6 to FTA countries;<sup>10</sup> and
- DOE/FE Order No. 3384, authorizing the export of 314 Bcf/yr from Trains 5 and 6 to FTA countries.<sup>11</sup>

In sum, Sabine Pass is authorized to export LNG from Trains 1-6 to FTA and non-FTA countries in a total, non-additive volume equivalent to 1,509.3 Bcf/yr of natural gas, pursuant to long-term authorizations.<sup>12</sup> The Appendix to this Order lists all of Sabine Pass's existing long-term export authorizations.

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<sup>7</sup> *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 2833, FE Docket No. 10-85-LNG, Order Granting Long-Term Authorization to Export Liquefied Natural Gas from Sabine Pass LNG Terminal to Free Trade Nations (Sept. 10, 2010).

<sup>8</sup> *See Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 3595, FE Docket No. 14-92-LNG, Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Sabine Pass LNG Terminal in Cameron Parish, Louisiana, to Free Trade Agreement Nations (Feb. 12, 2015).

<sup>9</sup> *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 3306, FE Docket No. 13-30-LNG, Order Granting Authorization to Export Liquefied Natural Gas by Vessel Pursuant to the Long-Term Contract with Total Gas & Power North America, Inc. from the Sabine Pass LNG Terminal to Free Trade Agreement Nations (Jul. 11, 2013).

<sup>10</sup> *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 3307, FE Docket No. 13-42-LNG, Order Granting Authorization to Export Liquefied Natural Gas by Vessel Pursuant to the Long-Term Contract with Centrica plc from the Sabine Pass LNG Terminal to Free Trade Agreement Nations (Jul. 12, 2013).

<sup>11</sup> *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 3384, FE Docket No. 13-121-LNG, Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Sabine Pass LNG Terminal to Free Trade Agreement Nations (Jan. 22, 2014), Errata Notice (Feb. 24, 2015); *see also Sabine Pass Liquefaction, LLC*, DOE/FE Order Nos. 3306-A, 3307-A, 3384-A, and 3669-B, FE Docket Nos. 13-30-LNG, 13-42-LNG, and 13-121-LNG (Consolidated), Order Granting Withdrawal of Filing and Request for Clarification (Oct. 31, 2017).

<sup>12</sup> *See, e.g., Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 3792, FE Docket No. 15-63-LNG, Final Opinion and Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel From the Sabine Pass LNG Terminal Located in Cameron Parish, Louisiana, to Non-Free Trade Agreement Nations, at 2-3, 13, 16-18 & Tables 1-2 (discussing volumes of LNG approved for export) (Mar. 11, 2016).

Additionally, Sabine Pass currently holds a short-term blanket authorization to export domestically produced LNG from the Sabine Pass LNG Terminal in a volume equivalent to 600 Bcf of natural gas over a two-year period, which expires on January 15, 2018.<sup>13</sup>

**Source of Natural Gas.** Sabine Pass previously has stated that it 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 other systems that interconnect with the Liquefaction Project.<sup>14</sup> Sabine Pass has asserted that, through these pipelines' interconnections with other interstate and intrastate pipeline systems, its Liquefaction Project has access to virtually any point on the U.S. interstate pipeline system through direct delivery or by displacement.<sup>15</sup>

**Business Model.** Sabine Pass requests authorization to export LNG on its own behalf and as agent for other entities that will hold title to the LNG at the time of export. Sabine Pass states that it will comply with all DOE/FE requirements for both exporters and agents, as set forth in recent DOE/FE orders.

#### **IV. FINDINGS**

(1) Section 3(c) of the NGA was amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486) to require that applications requesting authority for (a) the import and export of natural gas, including LNG, from and to a nation with which there is in effect a FTA requiring national treatment for trade in natural gas, and/or (b) the import of LNG from other

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<sup>13</sup> *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 3767, FE Docket No. 15-171-LNG, Order Granting Blanket Authorization to Export Liquefied Natural Gas by Vessel from the Sabine Pass LNG Terminal Located in Cameron Parish, Louisiana (Jan. 13, 2016).

<sup>14</sup> *See, e.g., Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 3792, at 19.

<sup>15</sup> *See id.*

international sources, be deemed consistent with the public interest and granted without modification or delay. The FTA portion of Sabine Pass's Application falls within section 3(c), as amended, and therefore, DOE/FE grants the requested FTA authorization without modification or delay.<sup>16</sup>

(2) In light of DOE's statutory obligation to grant this Application without modification or delay, there is no need for DOE/FE to review other arguments asserted by Sabine Pass in support of the Application. The instant grant of authority should not be read to indicate DOE/FE's views on those arguments or on Sabine Pass's request for non-FTA export authorization.

(3) The countries with which the United States has a FTA requiring national treatment for trade in natural gas currently are: Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore.

(4) As described above, Sabine Pass requests authorization to export LNG on its own behalf and as agent for other entities who hold title to the LNG at the time of export. DOE/FE previously addressed the issue of Agency Rights in DOE/FE Order No. 2913,<sup>17</sup> which granted Freeport LNG Expansion, L.P., *et al.* (collectively, FLEX) authority to export LNG to FTA countries. In that order, DOE/FE approved a proposal by FLEX to register each LNG title holder for whom FLEX sought to export LNG as agent. DOE/FE found that this proposal was an acceptable alternative to the non-binding policy adopted by DOE/FE in *The Dow Chemical*

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<sup>16</sup> DOE further finds that the requirement for public notice of applications and other hearing-type procedures in 10 C.F.R. Part 590, are applicable only to applications seeking to export natural gas, including LNG, to countries with which the United States does not have a FTA requiring national treatment for trade in natural gas.

<sup>17</sup> *Freeport LNG Expansion, L.P., et al.*, DOE/FE Order No 2913, FE Docket No. 10-160-LNG, Order Granting Long-Term Authorization to Export Liquefied Natural Gas from Freeport LNG Terminal to Free Trade Nations (Feb. 10, 2011).

*Company*,<sup>18</sup> which established that the title for all LNG authorized for export must be held by the authorization holder at the point of export. We find that the same policy considerations that supported DOE/FE's acceptance of the alternative registration proposal in DOE/FE Order No. 2913 apply here as well.

DOE/FE has reiterated its policy on Agency Rights procedures in other authorizations, including *Cameron LNG, LLC*, DOE/FE Order No. 3680.<sup>19</sup> In that order, DOE/FE determined that, in LNG export orders in which Agency Rights have been granted, DOE/FE shall require registration materials filed for, or by, an LNG title-holder (Registrant) to include the same company identification information and long-term contract information of the Registrant as if the Registrant had filed an application to export LNG on its own behalf.<sup>20</sup>

To ensure that the public interest is served, the authorization granted herein shall require that where Sabine Pass proposes to export LNG as agent for other entities who hold title to the LNG (Registrants), Sabine Pass must register with DOE/FE those entities on whose behalf it will export LNG in accordance with the procedures and requirements described herein.

### **ORDER**

Pursuant to section 3 of the NGA, it is ordered that:

A. Sabine Pass Liquefaction, LLC is authorized to export domestically produced LNG by vessel from the Liquefaction Project at the Sabine Pass LNG Terminal, in a volume equivalent to 600 Bcf of natural gas, pursuant to transactions that have terms of no longer than two years. Sabine Pass is authorized to export this LNG on its own behalf or as agent for other

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<sup>18</sup> *The Dow Chemical Company*, DOE/FE Order No. 2859, FE Docket No. 10-57-LNG, Order Granting Blanket Authorization to Export Liquefied Natural Gas, at 7-8 (Oct. 5, 2010), discussed in *Freeport LNG*, DOE/FE Order No. 2913, at 7-8.

<sup>19</sup> *Cameron LNG, LLC*, DOE/FE Order No. 3680, FE Docket No. 15-36-LNG, Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas By Vessel from the Cameron LNG Terminal in Cameron and Calcasieu Parishes, Louisiana, to Free Trade Agreement Nations) (July 10, 2015).

<sup>20</sup> *See id.* at 8-9 (citation omitted).

entities who hold title to the natural gas at the time of export. This authorization shall be effective for a two-year term beginning on January 16, 2018, and extending through January 15, 2020.

B. The volume of LNG authorized for export in this Order, when combined with the volume of LNG approved for export to FTA countries in Sabine Pass's long-term export authorizations, shall not exceed the maximum production capacity of the Sabine Pass Liquefaction Project at the Sabine Pass LNG Terminal, as approved by FERC.<sup>21</sup> Under the terms of prior authorizations, Sabine Pass's long-term LNG export authorizations to FTA and non-FTA countries are not additive to one another.

C. This LNG may be exported to Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore, and to any nation with which the United States subsequently enters into a FTA requiring national treatment for trade in natural gas, provided that the destination nation has the capacity to import LNG via ocean-going vessels. FTA countries are currently identified by DOE/FE at:

<http://www.fossil.energy.gov/programs/gasregulation/index.html>

D. Sabine Pass shall ensure that all transactions authorized by this Order are permitted and lawful under U.S. laws and policies, including the rules, regulations, orders, policies, and other determinations of the Office of Foreign Assets Control of the United States Department of the Treasury and FERC. Failure to comply with this requirement could result in rescission of this authorization and/or other civil or criminal remedies.

E. Sabine Pass shall include, and require others for whom Sabine Pass acts as agent to

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<sup>21</sup> See *supra* at 2 n.3.

include, the following provision in any agreement or other contract for the sale or transfer of LNG exported pursuant to this Order:

Customer or purchaser acknowledges and agrees that it will resell or transfer LNG purchased hereunder for delivery only to countries with the capacity to import ocean-going LNG carriers and identified in Ordering Paragraph C of DOE/FE Order No. 4137, issued January 10, 2018, in FE Docket No. 17-161-LNG, and/or to purchasers that have agreed in writing to limit their direct or indirect resale or transfer of such LNG to such countries. Customer or purchaser further commits to cause a report to be provided to Sabine Pass Liquefaction, LLC that identifies the country (or countries) into which the LNG or natural gas was actually delivered and/or received for end use, and to include in any resale contract for such LNG the necessary conditions to ensure that Sabine Pass Liquefaction, LLC is made aware of all such countries.

F. Sabine Pass is permitted to use its authorization in order to export LNG as agent for other entities, after registering the other entities with DOE/FE. Registration materials shall include an acknowledgement and agreement by the Registrant to supply Sabine Pass with all information necessary to permit Sabine Pass to register that person or entity with DOE/FE, including: (1) the Registrant's agreement to comply with this Order and all applicable requirements of DOE's regulations at 10 C.F.R. Part 590, including but not limited to destination restrictions; (2) the exact legal name of the Registrant, state/location of incorporation/registration, primary place of doing business, and the Registrant's ownership structure, including the ultimate parent entity if the Registrant is a subsidiary or affiliate of another entity; and (3) the name, title, mailing address, e-mail address, and telephone number of a corporate officer or employee of the Registrant to whom inquiries may be directed.

G. Each registration submitted pursuant to this Order shall have current information on file with DOE/FE. Any changes in company name, contact information, or other relevant modification shall be filed with DOE/FE within 30 days of such change(s).

H. Sabine Pass shall ensure that all persons required by this Order to register with DOE/FE have done so.

I. Monthly Reports: With respect to the LNG exports authorized by this Order, Sabine Pass shall file with the Office of Regulation and International Engagement, within 30 days following the last day of each calendar month, a report indicating whether exports of LNG have been made. The first monthly report required by this Order is due not later than the 30<sup>th</sup> day of the month following the month of first export. In subsequent months, if exports have not occurred, a report of “no activity” for that month must be filed. If exports of LNG have occurred, the report must give the following details of each LNG cargo: (1) the name(s) of the authorized exporter; (2) the name of the U.S. export terminal; (3) the name of the LNG tanker; (4) the date of departure from the U.S. export terminal; (5) the country (or countries) into which the LNG or natural gas is actually delivered and/or received for end use; (6) the name of the supplier/seller; (7) the volume in thousand cubic feet (Mcf); (8) the price at point of export per million British thermal units (MMBtu); (9) the duration of the supply agreement (indicate spot sales); and (10) the name(s) of the purchaser(s).

(Approved by the Office of Management and Budget under OMB Control No. 1901-0294)

J. All monthly report filings shall be made to U.S. Department of Energy (FE-34), Office of Fossil Energy, Office of Regulation and International Engagement, P.O. Box 44375, Washington, D.C. 20026-4375, Attention: Natural Gas Reports. Alternatively, reports may be

e-mailed to [ngreports@hq.doe.gov](mailto:ngreports@hq.doe.gov), or may be faxed to (202) 586-6050.

Issued in Washington, D.C., on January 10, 2018.

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Robert J. Smith  
Deputy Assistant Secretary for Oil and Natural Gas (Acting)  
Office of Fossil Energy

**APPENDIX**

The long-term orders issued by DOE to Sabine Pass authorizing exports of LNG to FTA countries and non-FTA countries are identified in the following tables:

**Table 1: Orders Issued by DOE/FE to Sabine Pass for the Long-Term Export of Domestic LNG from the Sabine Pass LNG Terminal to FTA Countries**

<b>Docket No.</b>	<b>Order No.</b>	<b>Date Issued</b>	<b>Trains</b>	<b>Volume (Bcf/yr)</b>	<b>Term/Type</b>
10-85-LNG	2833	Sept. 7, 2010	1-4	803.0	30 years, <sup>22</sup> multi-contract
13-30-LNG	3306-A	July 11, 2013, as amended <sup>23</sup>	5-6	101.0	20 years, multi-contract
13-42-LNG	3307-A	July 12, 2013, as amended <sup>24</sup>	5-6	88.3	20 years, multi-contract
13-121-LNG	3384-A	Jan. 22, 2014, as amended <sup>25</sup>	5-6	314.0	20 years, multi-contract
14-92-LNG	3595	Feb. 12, 2015	1-4	203.0	25 years, multi-contract
<b>Total Volume</b>				<b>1,509.3</b>	

<sup>22</sup> See *Sabine Pass Liquefaction, LLC*, Errata to DOE/FE Order Nos. 3595 & 3384, FE Docket Nos. 14-92-LNG & 13-121-LNG (Feb. 24, 2015).

<sup>23</sup> See *Sabine Pass Liquefaction, LLC*, DOE/FE Order Nos. 3306-A, 3307-A, 3384-A, and 3669-B, FE Docket Nos. 13-30-LNG, 13-42-LNG, and 13-121-LNG (Consolidated), Order Granting Withdrawal of Filing and Request for Clarification (Oct. 31, 2017).

<sup>24</sup> See *id.*

<sup>25</sup> See *id.*

**Table 2: Orders Issued by DOE/FE to Sabine Pass for the Long-Term Export of Domestic LNG from the Sabine Pass LNG Terminal to Non-FTA Countries**

<b>Docket No.</b>	<b>Order No.</b>	<b>Date Issued</b>	<b>Trains</b>	<b>Volume (Bcf/yr)</b>	<b>Term/Type</b>
10-111-LNG	2961-A	Aug. 7, 2012	1-4	803.0	20 years, multi-contract
13-30-LNG 13-42-LNG 13-121-LNG	3669-B	June 26, 2015, as amended <sup>26</sup>	5-6	503.3	20 years, multi-contract
15-63-LNG	3792	March 11, 2016	1-4	203.0	20 years, multi-contract
<b>Total Volume</b>				<b>1,509.3</b>	

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<sup>26</sup> See *id.*