



RECEIVED

By DOE/FE at 1:53 pm, Mar 05, 2019

Becky Vanderberry
Legal Analyst

Downstream, Chemicals and Midstream Law
Chevron Products Company,
a division of Chevron U.S.A. Inc.
1400 Smith Street
Houston, TX 77002
Tel 713 372 9241
Fax 713 372 9282
bvanderberry@chevron.com

February 27, 2019

VIA FEDERAL EXPRESS

Larine A. Moore
U.S. Department of Energy
Room 3E042 (FE-34)
1000 Independence Avenue, S.W.
Washington, D.C. 20585

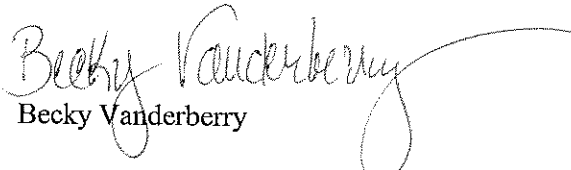
**RE: Chevron U.S.A. Inc., Docket No. 19-___-LNG
Application for Blanket Authorization to Export Liquefied Natural Gas on a Short-Term Basis**

Dear Ms. Moore:

Chevron U.S.A. Inc. hereby files with the Office of Fuels, Programs, Fossil Energy of the Department of Energy an application for blanket authorization to export LNG for a term of two years beginning on March 29, 2019 or as soon thereafter as the authorization is granted. Enclosed are the complete application, three additional copies, and a \$50 check addressed to the Treasurer of the United States. Chevron is seeking authority to re-export up to seventy-two billion cubic feet of previously imported LNG during the two year period of the authorization. The proposed export will be from the Sabine Pass LNG Terminal, owned by Sabine Pass LNG, L.P., in Cameron Parish, Louisiana to any country with the capacity to import LNG via ocean-going carrier and with which trade is not prohibited by Federal law or policy.

Thank you for your attention to this matter. If you have any questions regarding this filing, please contact the undersigned at (713) 372-9241 or email to bvanderberry@chevron.com.

Respectfully submitted,


Becky Vanderberry

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

In The Matter Of:)
)
CHEVRON U.S.A. INC.) **Docket No. 19-___-LNG**
)

**APPLICATION OF CHEVRON U.S.A. INC.
FOR BLANKET AUTHORIZATION
TO EXPORT LIQUEFIED NATURAL GAS ON A SHORT-TERM BASIS**

Pursuant to Section 3 of the Natural Gas Act (“NGA”), 15 U.S.C. §717b, and Part 590 of the Department of Energy’s (DOE) regulations, 10 C.F.R. Part 590, Chevron U.S.A. Inc. (Chevron) hereby requests that DOE, Office of Fossil Energy (DOE/FE), issue an order granting blanket authorization for Chevron to engage in short-term exports of up to approximately seventy-two billion cubic feet (72 Bcf), on a cumulative basis, of previously-imported liquefied natural gas (LNG) from foreign sources, for a two-year period commencing March 29, 2019 or as soon thereafter as the authorization is granted. Chevron is seeking authorization to export such previously-imported LNG from the Sabine Pass LNG Terminal, owned by Sabine Pass LNG, L.P., in Cameron Parish, Louisiana to any country with the capacity to import LNG via ocean-going carrier and with which trade is not prohibited by Federal law or policy. Good cause exists to grant the requested authorization for the reasons stated below.

I. DESCRIPTION OF THE APPLICANT

Chevron is a Pennsylvania corporation with its principal place of business in San Ramon, California. Chevron Global Gas is a division of Chevron that engages in the global business of marketing and trading LNG. Chevron has contracted for 1.0 Bcf/day of terminal capacity from

Sabine Pass LNG, L.P. for an initial term of twenty years with the option to extend the term for a period of twenty years. The initial term will expire June 30, 2029. On July 20, 2018, DOE/FE Order no. 4208 granted Chevron blanket authorization to import the equivalent of up to 800 Bcf from various international sources for a two year period beginning on August 1, 2018. Under the terms of the blanket authorization, LNG may be imported at any LNG receiving facility in the United States and its territories.

II. COMMUNICATIONS AND CORRESPONDENCE

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

May E. Asis
Team Lead – GSAT S&TFM
6819 Ayala Avenue
Makati City, Metro Manila
Philippines 1200
Phone: 632-793-6491
Email: measis@chevron.com

J. Jeannie Myers
Senior Counsel
Chevron Gas and Midstream
1400 Smith St.
Houston, Texas 77002
Phone: 713-372-2945
Email: JMyers@chevron.com

III. AUTHORIZATION REQUESTED

Chevron requests blanket authorization to export up to 72 Bcf, on a cumulative basis, of previously-imported LNG from foreign sources, over a two year period beginning on March 29, 2019, or as soon thereafter the authorization is granted. Chevron's existing blanket authorization (DOE/FE Order No.4007) to export previously-imported LNG from foreign sources expires on March 28, 2019. Chevron requests that such authorization apply to previously-imported LNG to which Chevron holds title at the time the export occurs. Chevron is seeking such authorization to export previously-imported LNG to any country with the capacity to import LNG via ocean-going

carrier and with which trade is not prohibited by Federal law or policy. Under the authorization sought herein, Chevron does not request the authority to export any domestically-produced natural gas or LNG, although it is possible the previously imported LNG may be commingled in the Sabine Pass LNG Terminal with LNG sourced from domestic gas.

The blanket export authorization requested by Chevron would be applicable to exports from the Sabine Pass LNG Terminal, owned by Sabine Pass LNG, L.P., in Cameron Parish, Louisiana. The DOE/FE has recently granted an authorization for such re-exports from this terminal to Sabine Pass Liquefaction, LLC in DOE/FE Order No. 4197 on June 4, 2018 (Order 4197). There are no other proceedings related to this application currently pending before the DOE or any other federal agency.

IV. BACKGROUND

In this application, Chevron requests blanket authorization to export previously-imported LNG from foreign sources. Chevron's request is based on its desire to optimize long-term capacity it has contracted for at the Sabine Pass LNG Terminal by responding effectively to periodic changes in domestic and world markets for natural gas and LNG. More specifically, Chevron desires the option to either: (i) export previously-imported LNG to other world markets; or (ii) regassify the imported LNG for sale in domestic markets. Chevron would base any decision related to the sale of imported LNG on prevailing market conditions.

Chevron does not intend to export any LNG when market conditions dictate that the LNG be used to meet domestic needs. Further, granting the blanket authorization to Chevron would assist Chevron in optimizing its long-term LNG terminal capacity, and would serve the public interest by encouraging future importation of LNG into the United States. In Order No. 4007,

issued March 28, 2007, the DOE took administrative notice of an analysis prepared by the U.S. Energy Information Administration (EIA) in the Annual Energy Outlook that was released in 2017. This demonstrated to the DOE that United States natural gas production levels would exceed the amount of natural gas proposed for short-term export. The Annual Energy Outlook released in January of 2019 continues to demonstrate that United States natural gas production levels will exceed gas consumption in the United States.

V. PUBLIC INTEREST STANDARD

Pursuant to Section 3 of the NGA, DOE/FE must authorize exports to a foreign country unless there is a finding that such exports “will not be consistent with the public interest.”¹ Accordingly, Section 3 creates a statutory presumption in favor of approval of a properly framed export application.² In evaluating an export application, DOE/FE applies the standards set forth in DOE Delegation Order No. 0204-111, which “focuses primarily on domestic need for the gas to be exported, as described in the Secretary’s natural gas policy guidelines”.³ As detailed below, the blanket export authorization requested by Chevron satisfies the public interest standard of Section 3 of the NGA as construed by the DOE/FE.

A. There is No Domestic Reliance on the Imported LNG that Chevron would Export Pursuant to the Blanket Authorization Requested Herein.

The DOE/FE in its recent Order 4007 took administrative notice that an analysis prepared by the U.S. Energy Information Administration (EIA) in the *Annual Energy Outlook* 2017,

¹ 15.U.S.C. § 717b(a).

² See *Phillips Alaska Natural Gas Corp. and Marathon Oil Co.*, DOE/FE Opinion and Order No. 1473, 2 FE ¶¶70,317 at p. 13, n. 42 (April 2, 1999), citing *Panhandle Producers and Royalty Owners Association v. ERA*, 822 F.2d 1105, 1111 (DC Cir. 1987).

³ DOE/FE Order No. 4007 at p.5.

released in January 2017 showed projected annual domestic dry natural gas production in 2020 of 30.79 trillion cubic feet (Tcf), with total natural gas consumption projected to be 27.32 Tcf in the same year.. The analysis by the U.S. Energy Information Administration (EIA) in the *Annual Energy Outlook 2019* shows projected annual domestic dry natural gas production in 2022 of 35.89 trillion cubic feet (Tcf), with total natural gas consumption projected to be 31.87 Tcf in the same year ⁴

The DOE/FE granted Sabine Pass Liquefaction, LLC, blanket authorization to export up to 500 Bcf of previously-imported LNG on June 4, 2018 in Order 4197. In that order, the DOE/FE stated “Inasmuch as domestic natural gas production levels are projected to reach an amount that well exceeds the amount of natural gas proposed for short term export...., we find that United States consumers will continue to have access to substantial quantities of natural gas sufficient to meet domestic demand...”⁵ Given the current conditions of the domestic natural gas industry, and the nature of Chevron’s request, including limiting its request to a short term authority to export previously-imported LNG to which it holds title, in quantities up to 72 Bcf on a cumulative basis, Chevron believes that granting its request will not be inconsistent with the public interest.

B. Granting the Blanket Export Authorization would provide Chevron Market Flexibility

Granting the blanket export authorization requested herein would provide Chevron the option, based on prevailing market conditions, to either: (i) export previously-imported LNG to other world markets, or (ii) regassify the imported LNG for sale in domestic markets. Accordingly, the blanket authorization would provide Chevron the ability to purchase spot-market LNG cargoes for import into the United States, with the possibility of re-exporting the imported LNG.

⁴ See EIA201920

⁵ Order 4007 at 6

C. Granting the Blanket Export Authorization Would Not Reduce Domestically-Produced Natural Gas Supplies.

Chevron is only seeking the authority to export previously-imported LNG. Chevron is not seeking the authority to export domestically-produced natural gas supplies. Thus, Chevron's request for blanket authorization herein will not reduce domestically-produced natural gas supplies.

VI. ENVIORNMENTAL IMPACT

No modifications to the Sabine Pass LNG Terminal are required to enable the LNG exports requested by Chevron. Therefore, granting this application would not be a federal action significantly affecting the human environment under the National Environmental Policy Act, 42 U.S.C. §4231, *et seq.* Consequently, no environmental impact statement or environmental assessment is required.

VII. APPENDICES

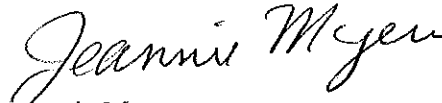
The following appendices are attached hereto and incorporated by reference herein:

Appendix A: Verification.

VIII. CONCLUSION

For the reasons set forth above, Chevron respectfully requests that the DOE/FE issue an order granting Chevron a two-year blanket authorization to export up to approximately 72 bcf on a cumulative basis, of previously-imported liquefied LNG from foreign sources, to any country with the capacity to import LNG via ocean-going carrier and with which trade is not prohibited by Federal law or policy.

Respectfully submitted,



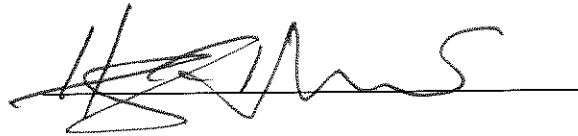
J. Jeannie Myers
Senior Counsel
Chevron Gas and Midstream
1400 Smith St
Houston, TX. 77002
Phone: (713) 372-9245
Email: jmyers@chevron.com

APPENDIX A
VERIFICATION

VERIFICATION

County of Harris)
)
State of Texas)

I, Hugh Connett, being duly sworn on his oath, does hereby depose and say that I am President of Chevron Global Gas, a division of Chevron U.S.A. Inc.; that I am familiar with the contents of the foregoing application; and that the matters set forth therein are true and correct to the best of my knowledge, information and belief.



Sworn to and subscribed before me, a Notary Public, in and for the State of Texas, this 26 day of February, 2019.


Notary Public

My Commission expires:
12/23/2019

