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**By Docket Room at 9:16 am, May 26, 2016**



**Chubu US Gas Trading LLC**

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May 20, 2016

U.S. Department of Energy  
Office of Fossil Energy  
Office of Oil and Gas Global Security and Supply  
Division of Natural Gas Regulatory Activities  
Forrestal Building  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585  
Attention: John Anderson, Director, Room 3E-042

Re: Freeport LNG Expansion, L.P., FLNG Liquefaction, LLC, FLNG  
Liquefaction 2, LLC, and FLNG Liquefaction 3, LLC, DOE/FE Order Nos.  
3282-C, 3357-B

Dear Mr. Anderson,

Pursuant to DOE Order Nos. 3282-C and 3357-B, Ordering Paragraph I (ii), on behalf of Chubu US Gas Trading LLC, I am hereby submitting copies of an executed long-term contract associated with the long-term supply of natural gas to the Freeport Terminal.

In accordance with Ordering Paragraph I (ii), this transmittal contains:

(A) a summary of major provisions of Base Contract for Sale and Purchase of Natural Gas, dated as of March 22nd, 2016 and Transaction Confirmation for Immediate Delivery, dated as of April 28th, 2016 between Chubu US Gas Trading LLC and Repsol Energy North America Corporation (attached as Attachment A hereto); and

(B) the Declaration of Satoshi Naito, President, Chubu US Gas Trading LLC (attached as Attachment B hereto). In accordance with Order Nos. 3282-C and 3357-B, Ordering Paragraph I (ii), Mr. Naito's Declaration is provided in response to the requirement that the person submitting the executed long-term gas supply agreement state why the redacted information should be exempt from public disclosure.

Thank you for your attention in this matter. If you have any questions please do not hesitate to contact me by email or telephone as follows:

Chubu US Gas Trading LLC

Attention: Masato Otaki, Vice President

1980 Post Oak Blvd., Suite 1750,

Houston Texas 77056

Fax: +1-713-980- 4141

E-mail: Ootaki.Masato@cusgt.com

Telephone: +1-713-980-4140

Very truly yours,

CHUBU US GAS TRADING LLC

By:  \_\_\_\_\_

Name: Masato Otaki

Title: Vice President

Date: May 20, 2016

ATTACHMENT A

SUMMARY OF MAJOR PROVISIONS OF THE CONTRACT

**LONG TERM CONTRACT – SALE AND PURCHASE OF NATURAL GAS  
MAJOR PROVISIONS SUMMARY**

1. **DOE Order/FE Docket Nos:**  
DOE Order Nos. 3282-C and 3357-B issued November 14, 2014. FE Docket Nos. 10-161-LNG and 11-161-LNG
2. **LNG Liquefaction / Export Facility and Location:**  
Freeport LNG facility located in and around Quintana Island, Southeast of the city of Freeport in Brazoria County, Texas.
3. **Describe affiliation with LNG Liquefaction Export Facility (e.g., owner, capacity holder, etc.):**  
Chubu US Gas Trading LLC is an affiliate of a partial owner of FLNG Liquefaction, LLC, owner of the Freeport LNG liquefaction / export facility currently being constructed near Freeport Texas. Chubu Electric Power Co., Inc. has entered into a Liquefaction Tolling Agreement with FLNG Liquefaction, LLC for the provision of liquefaction services. Chubu Electric Power Co., Inc. assigned all of its rights, obligations and responsibilities, which is a wholly owned indirect subsidiary of Chubu Electric Power CO., Inc.
4. **Exact Legal Name of Parties:**  
Buyer: Chubu US Gas Trading LLC  
Seller: Repsol North America Corporation
- 5a. **Contract Type (e.g.: Purchase and Sale Agreement, Liquefaction Tolling Agreement, etc.):**  
Sale and Purchase of Natural Gas.
- 5b. **Firm or Interruptible Contract:**  
Firm.
6. **Date of the Contract:**  
April 28<sup>th</sup>, 2016
7. **Contract Term:**  
Supply Period of approximately 3 years.

8. Performance Obligation and Contract Quantity:  
Seller shall sell and deliver and Buyer shall receive and purchase 25,000 MMBtu per Day of Gas on a firm base load basis.
9. Take or Pay (or equivalent) Provisions / Conditions (please describe):  
None.
10. Supplier (title holder) of Natural Gas to Liquefaction Facility (include Whether long or short-term supply, or both), if appropriate. If this does not include the Purchase or Sale of Natural Gas, please mark this Section "Not Applicable":  
Chubu US Gas Trading LLC.
11. Legal Name of Entity (ies) that has (have) Title of the Natural Gas and LNG through the LNG Facility until Export (at the Flange of the Vessel):  
Not Applicable.
12. Export Destination Restrictions in the Contract:  
Not Applicable.
13. Resale Provisions:  
Not Applicable.
14. Other Major Non-proprietary Provisions, if Applicable:  
None.

I affirm that the foregoing is true and accurate to the best of my knowledge.

DATED: May **20**, 2016

SUBMITTED BY:



Satoshi Naito

President

Chubu US Gas Trading LLC

ATTACHMENT B

DECLARATION OF SATOSHI NAITO

## DECLARATION OF SATOSHI NAITO

I, Satoshi Naito, declare and state under penalty of perjury as follows:

1. I am president of Chubu US Gas Trading LLC (“CUSGT”), a wholly-owned indirect subsidiary of Chubu Electric Power Co., Inc. (“CHUBU”). My business address is 1980 Post Oak Blvd., Suite 1750 Houston, TX 77056.
2. CHUBU, a corporation incorporated under the laws of Japan, has entered into a long term Liquefaction Tolling Agreement, dated as of July 31, 2012 (“LTA”) with FLNG Liquefaction, LLC (“FLIQ”) for liquefaction services, among other things, from the facilities for LNG export under development at Freeport, Texas (the “Project”) and CHUBU assigned LTA to CUSGT as of July 31, 2015. The Project has received FERC authorization under Section 3(a) of the Natural Gas Act. In Order Nos. 3282-C and 3357-B, issued November 14, 2014, DOE issued Final Orders authorizing the export of LNG from the Project to non-Free Trade Agreement countries up to 1.8 Bcf/d.
3. In my position I am responsible for commercial activities of CUSGT in connection with LNG export, natural gas and pipeline procurement for the liquefaction services to be provided to CUSGT under the LTA. My responsibilities include the negotiation and implementation of long-term contracts for the purchase and sale of natural gas supplies under the LTA.
4. I have approximately 6 years of experience working in the liquefied natural gas (“LNG”) industry. My LNG industry experience includes structuring and assessment of LNG sales and purchase agreements. I have been employed with CUSGT since May 2015.

5. As a result of my position and experience, I am familiar with competitive conditions in the natural gas industry, both in general and with respect to the U.S. commercial natural gas and LNG markets and natural gas pipelines. I also have detailed personal knowledge regarding CUSGT and its affiliates' confidential natural gas supply contracts and procurement policies, as well as cost, technical, financial and management information and the policies and procedures for the protection of such information.

**A. Purpose of Declaration**

6. Pursuant to U.S. Department of Energy ("DOE") Order Nos. 3282-C and 3357-B (the "Orders"), all executed long-term contracts associated with the long-term supply of natural gas to the Project must be filed with the DOE Office of Oil and Gas Global Security within 30 days of their execution. The Orders provide that if the executed long-term contracts to be filed contain confidential or proprietary information they are to be filed "under seal" and either a redacted version of the contract or a summary of the major provisions of the Contract may be provided for public access. Once filed "under seal", the confidentiality of the non-redacted documents is to be preserved by DOE, with restricted access to those documents even by DOE internal employees.

Pursuant to the Orders, CUSGT is submitting a copy of that certain Base Contract for Sale and Purchase of Natural Gas, dated as of March 22nd, 2016 and Transaction Confirmation for Immediate Delivery, dated as of April 28th, 2016, between CUSGT and Repsol North America Corporation, to the Office of Oil and Gas Global Security and Supply within 30 days of execution (the "Contract"). CUSGT is submitting an unredacted copy of the Contract under seal, together

with a summary of major provisions of the Contract to protect highly sensitive commercial and financial information that is confidential and proprietary information. This declaration addresses why the non-disclosed information should be exempted from public disclosure.

7. As further described in this declaration, the information submitted by CUSGT to DOE includes highly sensitive confidential commercial, financial and technical and proprietary information, which neither CUSGT nor its affiliates would release to the public, and the release of which would cause substantial competitive harm.

## **B. Competition in the Industry**

8. CUSGT and its affiliates (the “Chubu Group”) face intense competition in the natural gas supply markets in the U.S. and globally. The competition facing the Chubu Group includes all other parties that have received or are seeking authorization from DOE to export domestically sourced LNG. The competitive market also includes entities considering filing applications for LNG exports in the future. As the LNG market is a global market, there are numerous additional international competitors, both commercial and governmental. In addition to competitors in the market for the purchase of natural gas supply for LNG exports, the Chubu Group’s competitive market includes all other purchasers or potential purchasers of natural gas under long-term supply arrangements for industrial, commercial or institutional use.

9. The Chubu Group regularly competes with these and other companies, each of which can and does seek to provide the natural gas supply in both the governmental and commercial marketplaces. In addition, disclosure could make apparent to the Chubu Group’s competitors proprietary business policies and procedures as well as commercial strategies and

trade secrets, including how purchase and sales transactions are structured. In the highly competitive gas supply environment, such disclosure could cause competitive injury. For example, disclosure of price terms could provide insight to other natural gas suppliers as to the price that the Chubu Group is willing to negotiate. If the Chubu Group's sensitive confidential commercial, financial and technical information is allowed to enter the public domain, it will cause significant competitive harm to the Chubu Group and allow the Chubu Group's competitors to gain unfair competitive advantages over the Chubu Group in the national and global competitive markets for long-term natural gas supply for LNG export and for other uses.

10. The Contract provides confidential information that in the hands of potential commercial counterparties could seriously disadvantage the Chubu Group in future negotiations and other activities that the Chubu Group may undertake on natural gas purchase and sale agreements and other contracts and competitive situations -whether government or commercial.

### **C. CUSGT's Proposed Major Provisions Summary**

11. In response to the Orders, CUSGT has carefully reviewed the Contract in order to identify confidential, proprietary, trade secret, commercial and financial and technical information, the release of which would result in substantial competitive harm.

12. The competitively sensitive information that CUSGT identified consists of confidential commercial, financial and/or technical information that is unique to this Contract and heavily negotiated between the parties. Disclosure of this information would cause substantial harm to the Chubu Group's competitive position. Disclosure of this information would put the Chubu Group at a competitive disadvantage in negotiations with other potential natural gas suppliers, as the information could provide those parties with insight into unique and heavily negotiated terms that the Chubu Group had previously accepted. Disclosure of this information could also cause competitive harm to the Chubu Group's by disclosing competitive business strategies, in particular, strategies associated with the procurement of natural gas and pipelines for LNG export, and confidential commercial and financial information that is unique to the Chubu Group and proprietary.

13. Consistent with Order Nos. 3282-C and 3357-B, CUSGT is providing, for public access, a summary of the major provisions of the Contract.

**D. Confidentiality of Information**

14. No member of the Chubu Group would release to the public the information discussed above, and redacted in the redacted version of the Contract. On the contrary, the Chubu Group has taken great care to maintain the confidentiality of this information through company policies and procedures for the safeguarding of proprietary information, trade secrets and other sensitive business information. The Chubu Group's sensitive business information is proprietary and is not disclosed to the public.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 10 day of May 2016.

Chubu US Gas Trading LLC

By:   
Name: Satoshi Naito  
Title: President