

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

January 26, 2005

In Reply Refer To:

Seafarer US Pipeline System, Inc.
Docket No. CP05-28-000
Draft Presidential Permit

The Honorable Donald H. Rumsfeld
Secretary of Defense
Washington, D.C. 20301

Dear Mr. Secretary:

Enclosed for your information and consideration is a copy of an application filed by Seafarer US Pipeline System, Inc. (Seafarer) with the Federal Energy Regulatory Commission (Commission) on November 16, 2004, in Docket No. CP05-28-000. Seafarer seeks a Presidential Permit under Executive Order Nos. 10485 and 12038 and the Secretary of Energy's Delegation Order No. 00-004.00, and authorization under section 3 of the Natural Gas Act (NGA), in order to import up to 800,000 decatherms (Dth) per day of natural gas at the boundary between the Exclusive Economic Zone (EEZ) of the United States and the Commonwealth of the Bahamas.¹

Seafarer proposes to construct approximately 41 miles of 26-inch diameter pipeline. The proposed pipeline is designed to receive up to 800,000 Dth per day of natural gas at an offshore interconnection with Seafarer Bahamas Pipeline, a proposed Bahamian pipeline that will connect to the proposed High Rock Facility, a liquefied natural gas receiving, storage, and regasification terminal located on Grand Bahama Island. Seafarer plans to deliver gas to markets in Florida through the existing interstate pipeline system of Florida Gas Transmission Company.

In addition to the Seafarer application, enclosed for your consideration is a draft copy of the proposed Presidential Permit to be issued to Seafarer, which incorporates the terms and conditions you and the Secretary of State have required in similar cases.

¹ Seafarer's Presidential Permit/NGA Section 3 application erroneously states that it intends to transport 800 million Dth per day. Seafarer's proposed system is designed to transport 800,000 Dth per day of natural gas.

A similar letter, together with a copy of the application and draft of the proposed Presidential Permit, is being sent to the Secretary of State. If the Secretary of State should make an unfavorable recommendation or proposes any material change in the draft of the Presidential Permit the Commission will immediately advise you.

The Commission would appreciate receiving your views regarding issuance of the proposed Permit at an early date. Please do not hesitate to contact me at (202) 502-8400, or Carolyn Van Der Jagt at (202) 502-8620, if you need any further information.

By direction of the Commission.

Linda Mitry,
Deputy Secretary.

Enclosures:
Application
Draft Permit

**DRAFT PRESIDENTIAL PERMIT
AUTHORIZING SEAFARER US PIPELINE SYSTEM, INC.
TO CONSTRUCT, CONNECT, OPERATE, AND MAINTAIN
NATURAL GAS FACILITIES AT THE BOUNDARY
BETWEEN THE EXCLUSIVE ECONOMIC ZONES OF
THE UNITED STATES AND THE COMMONWEALTH OF THE BAHAMAS**

**FEDERAL ENERGY REGULATORY COMMISSION
DOCKET NO. CP05-28-000**

(ISSUED)

Seafarer US Pipeline System, Inc. (Permittee), a corporation organized and existing under the laws of the State of Delaware, filed an application in Docket No. CP05-28-000 on November 16, 2004, pursuant to Executive Order Nos. 10485 and 12038 and the Secretary of Energy's Delegation Order No. 00-004.00, for a Presidential Permit authorizing Permittee to construct, connect, operate, and maintain natural gas transmission facilities described in Article 2 below in waters off the southeast coast of Florida at the boundary between the Exclusive Economic Zones of the United States and the Commonwealth of the Bahamas.

By letter dated , 2005, the Secretary of State, and by letter dated , 2005, the Secretary of Defense, favorably recommended that the Permit be granted. The Federal Energy Regulatory Commission finds that the issuance of a Permit is appropriate and consistent with the public interest.

Pursuant to the provisions of Executive Order Nos. 10485 and 12038, dated September 3, 1953, and February 3, 1978, respectively, the Secretary of Energy's Delegation Order No. 00-004.00, effective December 6, 2001, and the Commission's Regulations, permission is granted to Permittee to construct, operate, maintain and connect the natural gas transmission facilities described in Article 2 below, upon the terms and conditions of the Permit.

Article 1. It is expressly agreed by the Permittee that the facilities herein described shall be subject to all provisions and requirements of this Permit. This Permit may be modified or revoked by the President of the United States or the Federal Energy Regulatory Commission and may be amended by the Federal Energy Regulatory Commission upon proper application therefore.

Article 2. The following facilities are subject to this Permit: that portion of the 26-inch pipeline which is located in the United States immediately adjacent to the boundary between the Exclusive Economic Zones of the United States and the Commonwealth of the Bahamas.

Article 3. The natural gas facilities authorized herein, or which may subsequently be included herein by modification or amendment, may be utilized for the transportation of natural gas in the amount, at the rate, and in the manner authorized under section 3 of the Natural Gas Act.

Article 4. The construction, operation, maintenance, and connection of the aforesaid facilities shall be subject to the inspection and approval of representatives of the United States. The Permittee shall allow officers and employees of the United States, showing proper credentials, free and unrestricted access to the land occupied by the facilities in the performance of their official duties.

Article 5. If in the future it should appear to the Secretary of the Army that any facilities or operations permitted hereunder cause unreasonable obstruction to the free navigation of any of the navigable waters of the United States, the Permittee may be required, upon notice from the Secretary of the Army, to remove or alter the same so as to render navigation through such waters free and unobstructed.

Article 6. The Permittee shall be liable for all damages occasioned to the property of others by the operation or maintenance of the facilities, and in no event shall the United States be liable therefore. The Permittee shall do everything reasonable within its power to prevent or suppress fires on or near land occupied under this Permit.

Article 7. The Permittee agrees to file with the Commission, under oath and in such detail as the Commission may require, such statements or reports with respect to the natural gas exported or the facilities described herein, as the Commission may, from time to time, request. Such information may be made available to any federal, state, or local agency requesting such information.

Article 8. Neither this Permit nor the facilities, nor any part thereof, covered by this Permit shall be voluntarily transferred in any manner, but the Permit shall continue in effect temporarily for a reasonable time in the event of the involuntary transfer of the facilities by operation of law (including transfer to receivers, trustees, or purchasers under foreclosure or judicial sale) pending the making of an application for a permanent Permit and decision thereon, provided notice is promptly given in writing to the Commission accompanied by a statement that the facilities authorized by this Permit remain substantially the same as before the involuntary transfer. The Permittee shall maintain the facilities in a condition of repair for the efficient transportation of natural gas and shall make all necessary renewals and replacements.

Article 9. At such time that this Permit is surrendered, revoked, or otherwise terminated, the Commission shall determine which of the authorized facilities shall be removed and which shall remain in place. The Commission will specify the time within which any authorized facilities shall be removed, and the Permittee shall remove those facilities within such time and at the Permittee's expense. Upon failure of the Permittee to comply with the Commission's direction to remove any authorized facilities, the Commission may direct that possession of the same be taken and the facilities be removed at the Permittee's expense, and the Permittee shall have no claim for damages by reason of such possession or removal.

Article 10. The Permittee agrees that when, in the opinion of the President of the United States, evidenced by a written order addressed to it as holder of this Permit, the safety of the United States demands it, the United States shall have the right to enter upon and take possession of any of the facilities, or parts thereof, maintained or operated under this Permit, and all contracts covering the transportation or sale of natural gas by means of said facilities, to retain possession, management, and control thereof for such length of time as may appear to the President to be necessary to accomplish said purposes, and then to restore possession and control to the Permittee; and in the event that the United States shall exercise such right it shall pay the Permittee just and fair compensation for the use of said facilities upon the basis of a reasonable profit in time of peace, and the cost of restoring said facilities to as good condition as existed at the time of taking over thereof, less the reasonable value of any improvements that may be made thereto by the United States and which are valuable and serviceable to the Permittee.

Article 11. This Permit is subject to any action which the Government of the United States may in the future deem expedient or necessary to take in case any part of the aforesaid facilities comes into the control of any foreign government.

Article 12. The Government of the United States shall be entitled to the same or similar privileges as may by law, regulation, agreement, or otherwise, be granted by the Permittee to any foreign government.

TESTIMONY OF ACCEPTANCE of all the provisions, conditions and requirements of this Permit, the Permittee this ____ day of _____, 2005, has caused its name to be signed by _____, pursuant to a resolution of its Board of Directors duly adopted on the ____ day of _____, 2005, a certified copy of the record of which is attached hereto.

Seafarer US Pipeline System, Inc.

By _____

(Attest)

Executed in triplicate.

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

January 26, 2005

In Reply Refer To:

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Docket No. CP05-28-000
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The Honorable Colin L. Powell
Secretary of State
Washington, D.C. 20520

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Article 4. The construction, operation, maintenance, and connection of the aforesaid facilities shall be subject to the inspection and approval of representatives of the United States. The Permittee shall allow officers and employees of the United States, showing proper credentials, free and unrestricted access to the land occupied by the facilities in the performance of their official duties.

Article 5. If in the future it should appear to the Secretary of the Army that any facilities or operations permitted hereunder cause unreasonable obstruction to the free navigation of any of the navigable waters of the United States, the Permittee may be required, upon notice from the Secretary of the Army, to remove or alter the same so as to render navigation through such waters free and unobstructed.

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Article 8. Neither this Permit nor the facilities, nor any part thereof, covered by this Permit shall be voluntarily transferred in any manner, but the Permit shall continue in effect temporarily for a reasonable time in the event of the involuntary transfer of the facilities by operation of law (including transfer to receivers, trustees, or purchasers under foreclosure or judicial sale) pending the making of an application for a permanent Permit and decision thereon, provided notice is promptly given in writing to the Commission accompanied by a statement that the facilities authorized by this Permit remain substantially the same as before the involuntary transfer. The Permittee shall maintain the facilities in a condition of repair for the efficient transportation of natural gas and shall make all necessary renewals and replacements.

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Article 10. The Permittee agrees that when, in the opinion of the President of the United States, evidenced by a written order addressed to it as holder of this Permit, the safety of the United States demands it, the United States shall have the right to enter upon and take possession of any of the facilities, or parts thereof, maintained or operated under this Permit, and all contracts covering the transportation or sale of natural gas by means of said facilities, to retain possession, management, and control thereof for such length of time as may appear to the President to be necessary to accomplish said purposes, and then to restore possession and control to the Permittee; and in the event that the United States shall exercise such right it shall pay the Permittee just and fair compensation for the use of said facilities upon the basis of a reasonable profit in time of peace, and the cost of restoring said facilities to as good condition as existed at the time of taking over thereof, less the reasonable value of any improvements that may be made thereto by the United States and which are valuable and serviceable to the Permittee.

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Article 12. The Government of the United States shall be entitled to the same or similar privileges as may by law, regulation, agreement, or otherwise, be granted by the Permittee to any foreign government.

TESTIMONY OF ACCEPTANCE of all the provisions, conditions and requirements of this Permit, the Permittee this ____ day of _____, 2005, has caused its name to be signed by _____, pursuant to a resolution of its Board of Directors duly adopted on the ____ day of _____, 2005, a certified copy of the record of which is attached hereto.

Seafarer US Pipeline System, Inc.

By _____

(Attest)

Executed in triplicate.