

Energy Security/Deepwater Ports Licensing

ISSUE: In 2002, the Deepwater Port Act was amended to expand the Secretary of Transportation's existing authority to include authority to issue licenses for offshore natural gas (LNG) terminals. By delegation, the Maritime Administration is the lead federal agency for licensing offshore LNG and oil terminals. To process applications, the Maritime Administration works with the U.S. Coast Guard, numerous Federal agencies, and state and local governments to develop a Record of Decision, which incorporates the reasoning behind the decision to issue or deny a deepwater port license. To promote the security of the United States, Congress amended the Deepwater Port Act via the Coast Guard and Maritime Transportation Act of 2006 to direct the Secretary of Transportation (and, by delegation, the Maritime Administration) to develop and implement a program to promote the transportation of LNG to the United States on U.S. flag vessels.

ACTION NEEDED: None – For information only

BACKGROUND: Importation of liquefied natural gas (LNG) and oil through a system of deepwater port facilities assists in ensuring an adequate supply of energy for the United States, as well as addressing safety concerns and relieving port congestion. The Deepwater Port Act establishes an efficient licensing system for the ownership, construction, and operation of oil and natural gas deepwater port structures located beyond state seaward boundaries. Deepwater ports are fixed or floating structures, used as ports or terminals to offload and transfer imported oil and natural gas from carrier vessels to shore, via undersea pipelines. The Maritime Administration uses the Deepwater Port Act to underscore its mission to improve and strengthen the U.S. marine transportation system to meet the economic, environmental and security needs of the Nation.

- As of September 2008, seven licenses have been issued, six applications are currently being processed, three applications have been withdrawn and one has been denied since the Maritime Administration began operating the licensing program. When fully operational, it is estimated that these offshore LNG facilities will increase the nation's overall capacity to import LNG by 30 percent.
- Of the six applications currently being processed, the Maritime Administration expects to issue one Record of Decision in the first quarter of 2009.
- The employment of U.S. citizen mariners aboard the LNG tankers serving the deepwater ports licensed by the Maritime Administration is authorized through voluntary public/private licensing agreements. In 2007, the Maritime Administrator signed an agreement with Woodside Natural Gas calling for Woodside to register two re-gasification vessels, under the U.S.-flag with full U.S. citizen crews in the operation of its proposed OceanWay deepwater port facility. The Maritime Administration's manning program has produced similar commitments for employment of U.S. citizen mariners.

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