



## **I. DESCRIPTION OF REQUEST**

On October 12, 2012, Waller LNG Services, LLC d/b/a Waller Point LNG (Waller Point), filed an application (Application), with the Office of Fossil Energy (FE) of the Department of Energy (DOE) under section 3 of the Natural Gas Act (NGA)<sup>1</sup> for long-term, multi-contract authorization, to export domestically produced liquefied natural gas (LNG) in an amount up to 1.25 million metric tons per year (mtpa) from its proposed Waller Point LNG Terminal (WP Terminal) in Cameron Parish, Louisiana, for a 25-year term. Waller Point states the requested export amount is equivalent to approximately 0.16 billion cubic feet per (Bcf) per day (Bcf/d) of natural gas (which equals 58.4 Bcf per year (Bcf/y)).<sup>2</sup> Waller Point seeks to export this LNG by vessel to any country with which the United States currently has, or in the future will have, a Free Trade Agreement (FTA) requiring the national treatment for trade in natural gas, and that currently has, or in the future develops, the capacity to import LNG via ocean-going carriers.<sup>3</sup> Waller Point seeks authorization to export this LNG on its own behalf and also as agent for third parties. Waller Point requests that this authorization commence on the earlier of the date of first export or five years from the date the authorization is issued (December 20, 2017).

## **II. BACKGROUND**

Waller Point is a Texas limited liability company with its principal place of business in New Orleans, Louisiana, and is authorized to do business in Texas and Louisiana. Waller Point

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<sup>1</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. 00-002.04E issued on April 29, 2011.

<sup>2</sup> Waller Point requests authorization to export up to 1.25 million metric tons per year of LNG, which, it states, is equivalent to approximately 0.16 Bcf/d, or 58.4 Bcf/y, of natural gas. Consistent with DOE regulations (10 CFR part 590), applications are to provide volumes in Bcf, and subsequently, DOE/FE will authorize LNG exports equivalent to 58.4 Bcf/y of natural gas.

<sup>3</sup> The United States currently has free trade agreements 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.

is a wholly owned subsidiary of Waller Energy Holding, LLC, a Texas limited liability company. Waller Energy Holding, LLC is a wholly owned subsidiary of Waller Liquefaction, L.P., a Texas limited partnership, of which the General Partner is Waller LNG GP, LLC, a Texas limited liability company wholly owned by Waller Marine, Inc., a Texas corporation. Waller Point states that Waller Marine is a developer of LNG terminals and LNG storage and transportation vessels, and is the developer of the Waller Point LNG Terminal.

Waller Point states that it is taking the steps necessary to build natural gas processing and liquefaction facilities to receive and liquefy domestic natural gas at its proposed WP Terminal. Waller Point states that it has secured via long-term ground leases a site of approximately 180 acres of land located at the Gulf of Mexico entrance point of the Calcasieu Ship Channel, and continuing northerly for approximately 3,900 feet alongside the western side of the Calcasieu Ship Channel (including all of Irregular Section 29 and part of Irregular Section 30, Township 15 South, Range 10 West of the Louisiana Meridian), in Cameron Parish, Louisiana. Waller Point states that the proposed WP Terminal will consist of liquefaction units ultimately capable of producing LNG up to a total capacity of 1.25 million metric tons per year. Waller Point states that the WP Terminal will also consist of: (1) berthing and accommodations for multiple LNG vessels, and in particular, tugs and barges, as well as unloading facilities and piping and appurtenances; (2) an LNG storage facility having storage capacity up to approximately 30,000 cubic meters, with associated piping and control equipment; and (3) associated utilities, infrastructure, and support systems.

Waller Point states that the WP Terminal would permit natural gas to be received by pipeline, liquefied, and loaded directly into LNG barges or loaded from the terminal's storage tanks into barges berthed along the marine facilities along the Calcasieu Ship Channel.<sup>4</sup>

Waller Point states that it is currently engaged in commercial discussions with certain domestic as well as foreign off-takers to obtain all the available liquefaction capacity at the proposed WP Terminal. Waller Point states that either it or the developer of its proposed WP Terminal will bear the responsibility for sourcing gas supplies for delivery to the proposed WP Terminal. Waller Point states that through its developer, Waller Marine, it will commence negotiations with certain natural gas suppliers for transportation capacity and the required lateral pipeline to be constructed once commercial discussions between those natural gas suppliers and Waller Point progress. Waller Point states that it will file any executed long-term gas supply or long-term export contracts under seal with DOE/FE as required.

Waller Point asserts that in recent orders granting long-term authorization to export LNG to FTA countries, the DOE has found that applicants were not required to submit, with their applications, transaction-specific information, as specified in Section 590.202(b) of DOE's regulations.<sup>5</sup> Waller Point states that DOE found that, given the stage of development for those projects, it was appropriate for the applicants to submit such information "when practicable" (i.e., when the contracts reflecting such information are executed). Waller Point requests that DOE make the same finding in this Application.

Waller Point proposes to source natural gas to be used as feedstock for LNG production at the proposed WP Terminal from the interstate and intrastate grid at points of interconnection

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<sup>4</sup> Waller Point cited the American Bureau of Shipping (ABS) website at <http://bit.ly/abswallermarine> (last checked October 12, 2012) regarding Waller Marine's articulated tub and barge regasification vessel which is capable of receiving, storing and transporting LNG.

<sup>5</sup> Waller Point cites *Cameron LNG, LLC*, DOE/FE Order No. 3059 (January 17, 2012) and *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 2833 (2010).

with other pipelines and points of liquidity both upstream and downstream of the pipeline.

Waller Point states that in this regard, it is anticipated that the WP Terminal will be connected to multiple interstate and Louisiana intrastate pipelines that will enable Waller Point to purchase natural gas from multiple conventional and unconventional basins across the region, state, and from virtually anywhere in the nation. Waller Point states that this supply can be sourced in requisite volumes in the spot market, or pursued under long-term arrangements. Waller Point further states that in addition to traditional production, emerging supply areas, such as the Barnett, Haynesville, and Bossier shale gas formations, represent attractive additional sources of supply.

Waller Point states that following the issuance of a long-term export authorization requested in this Application, it will initiate the pre-filing review process at FERC for the proposed Waller Point LNG Terminal facilities. This will be the initial step in a comprehensive and detailed environmental review by FERC of the proposed WP Terminal. Waller Point anticipates that, consistent with the requirements of the National Environmental Policy Act, FERC will act as the lead agency for environmental review, with DOE acting as cooperating agency. Waller Point requests that DOE issue an order approving the instant Application, with such approval subject to completion by FERC of a satisfactory environmental review.

### **III. 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 to authorize (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 (b) the import of LNG from other international sources, be deemed consistent with the public interest and granted without modification or delay.

The instant Application falls within section 3(c), as amended, and therefore, DOE/FE is charged with granting the Application without modification or delay.<sup>6</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 the other arguments posed by Waller Point in support of the Application. The instant grant of authority should not be read to indicate DOE's views on those arguments. For the same reason, this grant of authority will not be conditioned on completion of FERC's environmental review, which had been requested by Waller Point.

(3) The countries with which the United States has an 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) DOE/FE addressed the issue of agency rights in *Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC*, DOE/FE Order No. 2913 (Order 2913), issued February 10, 2011. In Order 2913, DOE/FE approved a proposal by Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC (collectively, FLEX) to register each LNG title holder for whom FLEX sought to export LNG as agent. This proposal was an acceptable alternative to the non-binding policy adopted by DOE/FE in *Dow Chemical*,<sup>7</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 Order 2913 apply here as well. Accordingly, the authorization granted herein shall require that where Waller Point proposes to export as agent for others, Waller Point

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<sup>6</sup> DOE further finds that the requirement for public notice of applications and other hearing-type procedures in 10 CFR 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>7</sup> *The Dow Chemical Company*, DOE/FE Opinion and Order No. 2859 (FE Docket No. 10-57-LNG), October 5, 2010, at p. 7 and 8.

will register those companies in accordance with the procedures and requirements described herein.

DOE/FE reiterated its policy on Agency Rights procedures in *Gulf Coast LNG Export, LLC*.<sup>8</sup> In *Gulf Coast*, DOE/FE confirmed that in LNG export orders in which Agency Rights have been granted that it 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.

(5) Section 590.202(b) of DOE's regulations requires applicants to supply transaction specific factual information "to the extent practicable." Additionally, DOE regulations at 10 CFR part 590.202(e) allow confidential treatment of the information supplied in support of or in opposition to an application if the submitting party requests such treatment, shows why the information should be exempted from public disclosure, and DOE determines it will be afforded confidential treatment in accordance with 10 CFR 1004.11.

(6) In the Application, Waller Point states it will file under seal with DOE/FE any executed long-term natural gas supply or long-term LNG export contract under seal with DOE as required. DOE/FE will require that Waller Point will cause to be filed with DOE/FE any subsequent relevant long-term commercial agreements entered into by a Registrant, once they have been executed. DOE/FE finds that the submission of these contracts within 30 days of their execution using the procedures described below will be consistent with the "to the extent practicable" requirement of section 590.202(b). By way of example and without limitation, a "relevant long-term commercial agreement" would include an agreement with a minimum term

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<sup>8</sup> *Gulf Coast LNG Export, LLC (Gulf Coast)*, Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas By Vessel from the Proposed Brownsville Terminal to Free Trade Agreement Nations, DOE/FE Order No. 3163, FE Docket No. 12-05-LNG, October 16, 2012

of two years such as an agreement to provide gas processing or liquefaction services at the WP Terminal, a long-term sales contract involving natural gas or LNG stored or liquefied at the WP Terminal, or an agreement to provide export services from the WP Terminal.

(7) DOE/FE also will require Waller Point to file any long-term contracts Waller Point enters into providing for the long-term export of LNG on its own behalf from the WP Terminal. DOE/FE finds that the submission of these contracts within 30 days of their execution using the procedures described below will be consistent with the “to the extent practicable” requirement of section 590.202(b).

(8) In addition, DOE/FE finds that section 590.202(c) requires that Waller Point file, or cause to be filed, all long-term contracts associated with the long-term supply of natural gas to the WP Terminal within 30 days of their execution that either Waller Point or the Registrant enters into.

(9) DOE/FE recognizes that some information in Waller Point’s or a Registrant’s long-term commercial agreements associated with the export of LNG, and long-term contracts associated with the long-term supply of natural gas to the WP Terminal may be commercially sensitive. DOE will therefore require that (A) when Waller Point files, or causes to be filed, such a long-term contract under seal, that it also file either: i) a copy of each long-term contract with commercially sensitive information redacted, or ii) a summary of all major provisions of the contract(s) including, but not limited to, the parties to each contract, contract term, quantity, any take or pay or equivalent provisions/conditions, destinations, re-sale provisions, and other relevant provisions; and (B) the filing must demonstrate why the redacted information should be exempted from public disclosure.



**ORDER**

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

A. Waller Point is authorized to export domestically produced LNG by vessel from the proposed WP Terminal in Cameron Parish, Louisiana, up to the equivalent of 58.4 Bcf/y of natural gas for a 25-year term, beginning on the earlier of the date of first export or 5 years from the date the authorization is issued (December 20, 2017), pursuant to one or more long-term contracts with third parties that do not exceed the term of this authorization.

B. 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 that 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 ocean going vessels. FTA countries are currently identified by DOE/FE at:

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

C. Waller Point 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. Failure to comply with this requirement could result in rescission of this authorization and/or other civil or criminal remedies.

D. Waller Point shall file, or cause to be filed, with the Office of Natural Gas Regulatory Activities all executed long-term contracts associated with the long-term export of LNG on its own behalf or as agent for or on behalf of others, from the proposed WP Terminal in Cameron Parish, Louisiana, including both a non-redacted copy filed under seal and either: i) a redacted version of the contract, or ii) major provisions of the contract, for public posting, within 30 days

of their execution. Applying the same procedures, Waller Point shall file, or cause to be filed, with the Office of Natural Gas Regulatory Activities all executed long-term contracts associated with the long-term supply of natural gas to the proposed WP Terminal in Cameron Parish, Louisiana, both un-redacted under seal, and either: i) a redacted version of the contract, or ii) major provisions of the contract, for public posting within 30 days of their execution. In these filings, Waller Point shall show why the redacted or non-disclosed information should be exempted from public disclosure.

E. Waller Point shall include the following provision in any 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 identified in Ordering Paragraph B of DOE/FE Order No. 3211, issued December 20, 2012 in FE Docket No. 12-152-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 Waller Point that identifies the country of destination, upon delivery, into which the exported LNG was actually delivered, and to include in any resale contract for such LNG the necessary conditions to ensure that Waller LNG Services, LLC d/b/a/ Waller Point LNG is made aware of all such actual destination countries."

F. Waller Point is permitted to use its authorization in order to export LNG on behalf of or as agent for others, after registering the other party with DOE/FE. Registration materials shall include an acknowledgement and agreement by the Registrant to supply Waller Point with all information necessary to permit Waller Point 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 CFR 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; (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; (4) within 30 days of execution, a copy, of any long-term contracts, not previously filed with DOE/FE, described in Ordering paragraph (D) of this Order, including both a non-redacted copy for filing under seal and either: i) a redacted version of the contract, or ii) major provisions of the contract, for public posting.

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

H. Within two weeks after the first export of domestically produced LNG occurs from the proposed WP Terminal in Plaquemines Parish, Louisiana, Waller Point shall provide written notification of the date that the first export of LNG authorized in Order Paragraph A above occurred.

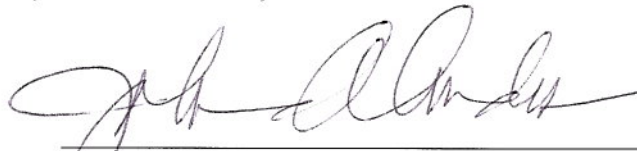
I. Waller Point shall file with the Office of Natural Gas Regulatory Activities, on a semi-annual basis, written reports describing the progress of the proposed liquefaction facility project. The reports shall be filed on or by April 1 and October 1 of each year, and shall include information on the progress of the proposed WP Terminal in Cameron Parish, Louisiana, the date the facility is expected to be operational, and the status of the long-term contracts associated with the long-term export of LNG and any long-term supply contracts.

J. Monthly Reports: With respect to the LNG exports authorized by this Order, Waller Point shall file with the Office of Natural Gas Regulatory Activities, 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 registered with DOE/FE; (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 of destination; (6) the name of the supplier/seller; (7) the volume in 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)

K. All monthly report filings shall be made to U.S. Department of Energy (FE-34), Office of Fossil Energy, Office of Natural Gas Regulatory Activities, P.O. Box 44375, Washington, D.C. 20026-4375, Attention: Ms. Yvonne Caudillo. Alternatively, reports may be e-mailed to Ms. Caudillo at [Yvonne.caudillo@hq.doe.gov](mailto:Yvonne.caudillo@hq.doe.gov) or [ngreports@hq.doe.gov](mailto:ngreports@hq.doe.gov), or may be faxed to Ms. Caudillo at (202) 586-6050.

Issued in Washington, D.C., on December 20, 2012.



John A. Anderson  
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