UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

CAMERON LNG, LLC	)	FE DOCKET NO. 11-145-LNG

ORDER GRANTING LONG-TERM MULTI-CONTRACT AUTHORIZATION TO EXPORT LIQUEFIED NATURAL GAS BY VESSEL FROM THE CAMERON LNG TERMINAL TO FREE TRADE AGREEMENT NATIONS

DOE/FE ORDER NO. 3059

JANUARY 17, 2012

I. DESCRIPTION OF REQUEST

On November 10, 2011, Cameron LNG, LLC (Cameron) 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)[1] for long-term, multi-contract authorization to export up to 12 million metric tons per annum (mtpa) of liquefied natural gas (LNG) produced from domestic sources. The export volume is equivalent to approximately 620 billion cubic feet per year (Bcf/year) of natural gas.[2] Cameron seeks authorization to export the LNG by vessel from the existing Cameron LNG Terminal (Cameron Terminal), a facility located in Cameron Parish, Louisiana, which Cameron currently owns, for a 20-year term commencing on the earlier of the date of first export or seven years from the date the authorization is issued (January 17, 2019). Cameron seeks to export this LNG to any country which has or in the future develops the capacity to import LNG via ocean-going carrier and with which the United States has, or in the future enters into, a Free Trade Agreement (FTA) requiring the national treatment for trade in natural gas.[3] Cameron seeks to export this LNG on its own behalf and also as agent for third parties.

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[1] 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.

[2] Cameron requests authorization to export up to 12 million metric tons per year of LNG, which, it states, is equivalent to 620 Bcf/year, or approximately 1.7 Bcf/day 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 620 Bcf/year of natural gas.

[3] The United States currently has free trade agreements requiring national treatment for trade in natural gas with Australia, Bahrain, Canada, Chile, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Peru and Singapore. FTAs with Costa Rica and Israel do not require national treatment for trade in natural gas. FTAs with Colombia, Panama, and South Korea have been ratified by Congress but have not yet taken effect.

II. BACKGROUND

Cameron is a Delaware limited liability company with its principal place of business in San Diego, California. Cameron is the owner and operator of the Cameron Terminal in Cameron Parish, Louisiana. Cameron is a wholly-owned subsidiary of Sempra Energy.

Cameron states that this Application for export authorization of domestic LNG is the first part of a two-part request for authorization to export domestic natural gas as LNG from the Cameron Terminal. Cameron says that it will file a separate application with DOE/FE requesting long-term, multi-contract authorization to export LNG to any country with which the United States does not have an FTA requiring national treatment for trade in natural gas, which has developed or in the future will develop the capacity to import LNG via ocean-going carrier, and with which trade is not prohibited by United States law or policy.[4]

Cameron states that it plans to receive and liquefy domestic natural gas at the Cameron Terminal. Cameron states that any new facilities required for the project will be integrated into its existing terminal facilities, which currently consist of two marine berths, three full containment LNG storage tanks, LNG vaporization systems, as well as associated utilities and equipment. Cameron states that the new facilities planned for the project will include natural gas pre-treatment, liquefaction, and export facilities with a capacity of up to 12 mtpa of LNG, along with upgrades to the existing equipment and additional utilities. Cameron states that the additional facilities would permit gas to be received by pipeline at the Cameron Terminal, where it would be liquefied and then loaded from the Cameron Terminal's storage tanks onto vessels berthed at Cameron's existing marine facility. Cameron also states that once the project is

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[4] DOE/FE notes that Cameron filed an application on December 21, 2011, in FE Docket No. 11-162-LNG to export domestically produced LNG up to the equivalent of 620 Bcf/year for 20 years to non-FTA countries.

operational, it will have the capability to: (1) liquefy domestic natural gas for export, or (2) import LNG and either re-gasify the imported LNG for delivery to domestic markets or export the LNG to foreign markets.

Cameron seeks authorization to export natural gas available from the United States natural gas supply and transmission network. Cameron states that the Cameron Terminal has access to five major interstate pipelines through its existing interconnection with Cameron Interstate Pipeline, LLC, as well as indirect access to the entire national natural gas pipeline grid. Cameron also states that the sources of natural gas for its project will include supplies from the Texas and Louisiana producing regions, as well as recently discovered shale gas resources.

Cameron states that it plans to enter into one or more long-term contractual agreements, with terms up to 20 years in length, which will run concurrently with Cameron's requested export authorization. Cameron states and it will file under seal with DOE any relevant long-term commercial agreements, but that it has not entered into any of these agreements at this time. Cameron also states that it will register with DOE any title holder for whom Cameron will act as agent to export LNG. Cameron states that it will cause such title holder to comply with all applicable DOE/FE requirements included in Cameron's export authorization as well as all DOE/FE requirements related to any subsequent purchase or sale agreement entered into by the title holder.

Cameron states that it will initiate the pre-filing review process at the Federal Energy Regulatory Commission (FERC) for the proposed project facilities following issuance of the long-term export authorization requested in this Application. Cameron anticipates that, consistent with the National Environmental Policy Act, FERC will act as the lead agency for the environmental review, with DOE acting as a cooperating agency. Accordingly, Cameron requests that DOE/FE issue a conditional order authorizing export of previously imported LNG pending completion of FERC's 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 free trade agreement 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.[5]

(2) In light of DOE's statutory obligation to grant the portion of the Application pertaining to FTA nations without modification or delay, there is no need for DOE to review the other arguments posed by Cameron in support of the Application. The instant grant of authority should not be read to indicate DOE's views on those arguments.

(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, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Peru, 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

[5] DOE further finds that the requirement for granting the application without modification or delay overrides regulatory requirements for public notice and other hearing-type procedures in 10 CFR Part 590.

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,*[6] which established that the title for all LNG authorized for export must be held by the authorization holder at the point of export. The same policy considerations that supported DOE/FE's acceptance of the alternative proposal in Order 2913 apply here as well. The authorization granted herein shall require that where Cameron proposes to export as agent for others, Cameron will register those companies in accordance with the procedures and requirements described herein.

ORDER

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

A. Cameron is authorized to export domestically produced LNG by vessel from the Cameron Terminal in Cameron Parish, Louisiana, up to the equivalent of 620 Bcf per year of natural gas (12 mtpa) for a 20-year term, beginning on the earlier of the date of first export or seven years from the date the authorization is issued (January 17, 2019), pursuant to one or more long-term contracts that do not exceed the term of this authorization.

B. This LNG may be exported to Australia, Bahrain, Canada, Chile, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Peru, 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

[6] *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.

import ocean going vessels. FTA countries are currently identified by DOE/FE at: http://www.fossil.energy.gov/programs/gasregulation/index.html.

C. Cameron shall ensure that all transactions authorized by this order are permitted and lawful under United States 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. Cameron shall file with the Office of Natural Gas Regulatory Activities all executed long-term contracts associated with the long-term export of LNG from the Cameron Terminal within 30 days of their execution. Cameron shall file with the Office of Natural Gas Regulatory Activities all executed long-term contracts associated with the long-term supply of natural gas to the Cameron Terminal with the intent to process this natural gas into LNG for export within 30 days of their execution.

E. Cameron 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. 3059, issued January 17, 2012, in FE Docket No. 11-145-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 Cameron LNG, LLC 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 Cameron LNG, LLC is made aware of all such actual destination countries."

F. Cameron 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 Cameron with all information necessary to permit Cameron 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, filed with DOE/FE under seal, of any long-term contracts, including processing agreements, that result in the export of natural gas, including LNG; and (5) within 30 days of execution by a person or entity required by this Order to register a copy, filed with DOE/FE under seal, of any long-term contracts associated with the long-term supply of natural gas to the Cameron Terminal with the intent to process this natural gas into LNG for export pursuant to this authorization.

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 Cameron liquefaction facility, Cameron shall provide written notification of the date that the first export of LNG authorized in Order Paragraph A above occurred.

I. Cameron shall file with the Office of Natural Gas Regulatory Activities, on a semi-annual basis, written reports describing the progress of the planned 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 Cameron Terminal liquefaction facility, 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 LNG exports authorized by this Order, Cameron 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 30th 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 or ngreports@hq.doe.gov, or may be faxed to Ms. Caudillo at (202) 586-6050.

Issued in Washington, D.C., on January 17, 2012.

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Office of Oil and Gas Global Security and Supply
Office of Fossil Energy