



[6450-01-P]

DEPARTMENT OF ENERGY

[FE Docket No. 13-155-LNG]

ConocoPhillips Alaska Natural Gas Corporation; Application for Blanket Authorization to Export Liquefied Natural Gas to Non-Free Trade Agreement Countries on a Short-Term Basis

AGENCY: Office of Fossil Energy, DOE.

ACTION: Notice of application.

SUMMARY: The Office of Fossil Energy (FE) of the Department of Energy (DOE) gives notice of receipt of an application (Application) filed on December 11, 2013, by ConocoPhillips Alaska Natural Gas Corporation (CPANGC), requesting blanket authorization to export a quantity of liquefied natural gas (“LNG”) in an amount up to the equivalent of 40 billion cubic feet (“Bcf”) of natural gas on a cumulative basis over a two-year period. CPANGC seeks blanket authorization to export this volume of LNG from facilities located in the Cook Inlet near Kenai, Alaska, acting on its own behalf or as agent for others, to any country with which the United States does not have a free trade agreement requiring national treatment for trade in natural gas and with which trade is not prohibited by U.S. law or policy (“non-FTA countries”). CPANGC seeks such authorization for a two-year period to commence on the date of issuance of the order granting the requested authorization.

The Application was filed under section 3 of the Natural Gas Act (NGA), 15 U.S.C. § 717b.

DATES: Protests, motions to intervene or notices of intervention, as applicable, requests for additional procedures, and written comments are to be filed using procedures detailed in the **Public**

Comment Procedures section no later than 4:30 p.m., eastern time, **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES:

Electronic Filing by email:

fergas@hq.doe.gov

Regular Mail

U.S. Department of Energy (FE-34)
Office of Oil and Gas Global Security and Supply
Office of Fossil Energy
P.O. Box 44375
Washington, DC 20026-4375

Hand Delivery or Private Delivery Services (e.g., FedEx, UPS, etc.)

U.S. Department of Energy (FE-34)
Office of Oil and Gas Global Security and Supply
Office of Fossil Energy
Forrestal Building, Room 3E-042
1000 Independence Avenue, SW
Washington, DC 20585

FOR FURTHER INFORMATION CONTACT:

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U.S. Department of Energy
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SUPPLEMENTARY INFORMATION:

Background

CPANGC is a Delaware corporation with its principal place of business in Anchorage, Alaska. CPANGC is a wholly-owned subsidiary of ConocoPhillips Company (“ConocoPhillips”), a publicly-traded Delaware corporation. CPANGC is authorized to do business in the State of Alaska, among other states. CPANGC is the operator and indirect owner of existing natural gas liquefaction and marine terminal facilities located in the Cook Inlet near Kenai, Alaska (“Kenai LNG Facility”).

CPANGC states in the Application that either itself or its predecessors have exported LNG from the Kenai LNG Facility over a forty-five year period pursuant to several, sequential export authorizations granted by DOE/FE or its predecessor agencies. The more recent such authorizations have included DOE Order and Opinion No. 2500, issued June 3, 2008, which authorized CPANGC and Marathon Oil Company (co-owners of the Kenai LNG Facility at the time) to export up to 99 trillion British thermal units (TBtus) of LNG on a short-term or spot-market basis to Japan and/or one or more countries in the Pacific Rim over a two-year period commencing April 1, 2009, and terminating March 31, 2011. DOE/FE denied rehearing of Order No. 2500 in DOE Opinion and Order No. 2500-A, issued July 30, 2008.

Most recently, on October 5, 2010, DOE/FE issued Order No. 2860, which granted CPANGC and Marathon blanket authorization to export the balance of the 99 TBtus of LNG authorized for export in Order Nos. 2500 and 2500-A, which had not been exported by the expiration of that authorization on March 31, 2011. This most recent authorization to export LNG from the Kenai LNG Facility to Japan and/or one or more other countries in the Pacific Rim with which trading is not prohibited by U.S. law commenced on April 1, 2011, and expired on March 31, 2013.

CPANGC did not apply to extend its prior export authorizations beyond March 31, 2013. According to the Application, this was due to perceived uncertainties regarding the near-term adequacy of natural gas supplies in the Cook Inlet region for regional needs. CPANGC states, however, that the uncertainties have been removed and this change of circumstances justifies the instant Application.

Current Application

CPANGC seeks blanket authorization to export a quantity of LNG in an amount up to the equivalent of 40 Bcf of natural gas from the Kenai LNG Facility, acting on its own behalf or as agent for others, to any country with which the United States does not have a free trade agreement requiring national treatment for trade in natural gas and with which trade is not prohibited by U.S. law or policy. CPANGC is willing to comply with the agency requirements imposed by DOE/FE in a series of recent orders. CPANGC seeks such authorization for a two-year period to commence on the date of issuance of the order granting the requested authorization. CPANGC expects that LNG prices will vary from time to time to reflect changes in market conditions. Consistent with the DOE/FE precedent, natural gas purchase and sales contracts are not being filed as part of this application for blanket authorization to export LNG from the Kenai LNG Facility. CPANGC certifies that there are no other proceedings related to this Application currently pending at either DOE or any other Federal agency.

CPANGC states that approval of this application is not a major Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act of 1969, 42 U.S.C. § 4321 *et seq.*, and no environmental impact statement or environmental assessment is required. CPANGC further states that the proposed export of LNG

would not require any changes to the Kenai LNG Facility and that the LNG manufacturing and storage facilities that will be utilized during the blanket authorization already exist and have been operated safely without major disruption of supply or accident since their startup in 1969.

Public Interest Considerations

CPANGC states that, under section 3 of the NGA, DOE/FE must authorize an export of natural gas from the United States to a foreign country unless there is a finding that the export will not be consistent with the public interest. CPANGC further states that DOE/FE has found that section 3 of the NGA creates a statutory presumption in favor of approval of a properly-framed export application, which opponents bear the burden of overcoming. According to CPANGC, DOE/FE's public interest determination is guided by DOE Delegation Order No. 0204-111, which designates domestic need for the natural gas proposed to be exported as the only explicit criterion that must be considered in determining the public interest. CPANGC states that DOE/FE has found the regional need for the natural gas proposed to be exported to be the principal focus of its review for an application for authorization to export LNG from the State of Alaska and that DOE/FE has in turn evaluated regional need in Southcentral Alaska by determining whether there is sufficient evidence that regional natural gas supplies will be adequate to meet both regional needs and the proposed LNG export during the relevant export period. CPANGC also states that DOE/FE has considered other factors to the extent they are shown to be relevant to the public interest determination for an export authorization.

CPANGC maintains that its Application for blanket authorization to export LNG from the Kenai LNG Facility to non-FTA countries is not inconsistent with the public interest. It asserts that the natural gas to be exported under the requested blanket authorization is not needed to meet regional demand for natural gas during the proposed export period. CPANGC adds that, by

providing an additional source of demand, particularly during the warmer months when domestic demand is low, the requested export authorization will provide tangible benefits to the local community by not only preserving gas well deliverability and enhancing the current supply security of Southcentral Alaska, but also by providing an economic incentive and market opportunity for continued exploration and additional gas supply development in Alaska's Cook Inlet.

Additional details can be found in CPANGC's Application, which is posted on the DOE/FE website at:

http://www.fossil.energy.gov/programs/gasregulation/authorizations/2013_applications/13_155_LNG.pdf

Request for Expedited Action

CPANGC requests that DOE/FE act upon the Application as expeditiously as possible, preferably within 90 days, in order that LNG export activity can be resumed during the second quarter of 2014. In view of the submission of letters in support of the Application from the State of Alaska Department of Natural Resources (DNR) and others (reproduced respectively in Appendix C and Appendix E to the Application), CPANGC does not expect material, substantive opposition to the requested export authorization from key stakeholders in Southcentral Alaska. In addition, CPANGC states that it is relying upon a supply and demand study that DOE/FE has already evaluated in DOE Opinion and Order No. 2860, as supplemented by a 2011 DNR Study that is incorporated by reference in the Application.

DOE/FE Evaluation

The Application will be reviewed pursuant to section 3(a) of the NGA, 15 U.S.C. § 717b(a). In reviewing this LNG export Application, DOE will consider issues required by law or policy. The Application is considered a renewal of previously issued authority (see discussion above). To

the extent determined to be relevant or appropriate, DOE/FE's review will include the impact of LNG exports associated with this Application on Alaskan regional domestic need for the natural gas proposed for export, adequacy of domestic natural gas supply in Alaska, and other issues, including whether the arrangement is consistent with DOE's policy of promoting competition in the marketplace by allowing commercial parties to freely negotiate their own trade arrangements. Parties that may oppose the Application should address these issues in their comments and/or protests, as well as other issues deemed relevant to the Application.

The National Environmental Policy Act (NEPA), 42 U.S.C. § 4321 *et seq.*, requires DOE to give appropriate consideration to the environmental effects of its proposed decisions. No final decision will be issued in this proceeding until DOE has met its environmental responsibilities. Interested persons will be provided 30 days from the date of publication of this Notice in which to submit comments, protests, motions to intervene, notices of intervention, or motions for additional procedures.

Public Comment Procedures

In response to this Notice, any person may file a protest, comments, or a motion to intervene or notice of intervention, as applicable. Any person wishing to become a party to the proceeding must file a motion to intervene or notice of intervention, as applicable. The filing of comments or a protest with respect to the Application will not serve to make the commenter or protestant a party to the proceeding, although protests and comments received from persons who are not parties will be considered in determining the appropriate action to be taken on the Application. All protests, comments, motions to intervene, or notices of intervention must meet the requirements specified by the regulations in 10 C.F.R. Part 590.

Filings may be submitted using one of the following methods: (1) e-mailing the filing to fergas@hq.doe.gov with FE Docket No. 13-155-LNG in the title line; (2) mailing an original and three paper copies of the filing to the Office of Oil and Gas Global Security and Supply at the address listed in ADDRESSES; or (3) hand delivering an original and three paper copies of the filing to the Office of Oil and Gas Global Security and Supply at the address listed in ADDRESSES before 4:30 p.m. EST. All filings must include a reference to FE Docket No. 13-155-LNG. PLEASE NOTE: If submitting a filing via email, please include all related documents and attachments (e.g., exhibits) in the original email correspondence. Please do not include any active hyperlinks or password protection in any of the documents or attachments related to the filing. All electronic filings submitted to DOE must follow these guidelines to ensure that all documents are filed in a timely manner. Any hardcopy filing submitted greater in length than 50 pages must also include, at the time of the filing, a digital copy on disk of the entire submission.

A decisional record on the Application will be developed through responses to this notice by parties, including the parties' written comments and replies thereto. Additional procedures will be used as necessary to achieve a complete understanding of the facts and issues. A party seeking intervention may submit an answer to the Request for Expedited Action¹, or may request that additional procedures be provided, such as additional written comments, an oral presentation, a conference, or trial-type hearing. Any request to file additional written comments should explain why they are necessary. Any request for an oral presentation should identify the substantial question of fact, law, or policy at issue, show that it is material and relevant to a decision in the proceeding, and demonstrate why an oral presentation is needed. Any request for a conference

¹ Under section 590.302(c) of the Department of Energy's regulations (10 C.F.R. 590.302(c)), the Request for Expedited Action would be deemed denied by operation of law in the absence of agency action within 30 days after the Request was filed. In order to permit sufficient time for the submission of answers to the Request, the deadline for answers is being reset to **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

should demonstrate why the conference would materially advance the proceeding. Any request for a trial-type hearing must show that there are factual issues genuinely in dispute that are relevant and material to a decision, and that a trial-type hearing is necessary for a full and true disclosure of the facts.

If an additional procedure is scheduled, notice will be provided to all parties. If no party requests additional procedures, a final Opinion and Order may be issued based on the official record, including the Application and responses filed by parties pursuant to this notice, in accordance with 10 C.F.R. § 590.316.

The Application is available for inspection and copying in the Division of Natural Gas Regulatory Activities docket room, Room 3E-042, 1000 Independence Avenue, S.W., Washington, DC 20585. The docket room is open between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays. The Application and any filed protests, motions to intervene or notice of interventions, and comments will also be available electronically by going to the following DOE/FE Web address: <http://www.fe.doe.gov/programs/gasregulation/index.html>.

Issued in Washington, D.C., on January 23, 2014.

John A. Anderson,
Director, Division of Natural Gas Regulatory Activities
Office of Oil and Gas Global Security and Supply
Office of Oil and Natural Gas

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