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DEPARTMENT OF TRANSPORTATION

Maritime Administration

[Docket No. USCG-2015-0472]

Deepwater Port License Application: Delfin LNG, LLC, Delfin LNG Deepwater Port

AGENCY: Maritime Administration, Department of Transportation.

ACTION: Notice of Application.

SUMMARY: The Maritime Administration (MARAD) and the U.S. Coast Guard (USCG) announce they have received an application for the licensing of a liquefied natural gas (LNG) export deepwater port and that the application contains all required information. This notice summarizes the applicant's plans and the procedures that will be followed in considering the application.

DATES: The Deepwater Port Act of 1974, as amended, requires any public hearing(s) on this application to be held not later than 240 days after publication of this notice, and a decision on the application not later than 90 days after the final public hearing.

ADDRESSES: The public docket for USCG-2015-0472 is maintained by the U.S. Department of Transportation, Docket Management Facility, West Building, Ground Floor, Room W12-140, 1200 New Jersey Avenue, SE, Washington, DC 20590. The Federal Docket Management Facility accepts hand-delivered submissions, and

makes docket contents available for public inspection and copying at this address between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The Federal Docket Management Facility's telephone number is 202-366-9329, the fax number is 202-493-2251 and the website for electronic submissions or for electronic access to docket contents is *http://www.regulations.gov*. keyword search "USCG-2015-0472".

FOR FURTHER INFORMATION CONTACT: Mr. Roddy Bachman, U.S. Coast Guard, telephone: 202-372-1451, email: *Roddy.C.Bachman@uscg.mil* or Ms. Yvette M. Fields, Maritime Administration, telephone: 202-366-0926, email: *Yvette.Fields@dot.gov*. For questions regarding viewing the Docket, call Docket Operations, telephone: 202-366-9826.

SUPPLEMENTARY INFORMATION:

Receipt of Application

On May 8, 2015, MARAD and USCG received an application from Delfin LNG, LLC (Delfin LNG) for all Federal authorizations required for a license to own, construct, and operate a deepwater port (DWP) for the export of natural gas authorized under the Deepwater Port Act of 1974, as amended, 33 U.S.C. 1501 *et seq.* (the Act), and implemented under 33 CFR Parts 148, 149, and 150. After a coordinated completeness review by MARAD and other cooperating Federal agencies, it was determined that the application required supplemental information, and, by letter of May 29, 2015 to Delfin LNG, the USCG deemed the application incomplete. On June 22, 2015, in response to the USCG letter, Delfin LNG submitted the requested supplemental information entitled "Deepwater Port License Application Delfin LNG Project May 8, 2015 - Supplemented

June 19, 2015." It has now been determined that the application contains all information necessary to initiate processing of the application. The USCG deemed the application complete on June 29, 2015.

Also on May 8, 2015, Delfin LNG filed an application with the Federal Energy Regulatory Commission (FERC) requesting authorizations pursuant to the Natural Gas Act and18 CFR Part 157. This application was noticed on FERC's Docket No. CP15–490–000 on May 20, 2015 and in the Federal Register (80 FR 30266-01). The following is an excerpt from that Federal Register Notice:

> Take notice that on May 8, 2015 Delfin LNG LLC (Delfin LNG), 1100 Louisiana Street, Houston, Texas 77002, filed in Docket No. CP15–490–000, an Application pursuant to section 7(c) of the Commission's Regulations under the Natural Gas Act and Parts 157 of the Federal Energy Regulatory Commission's (Commission) regulations requesting authorization to (1) reactivate approximately 1.1 miles of existing 42-inch pipeline formerly owned by U–T Offshore System (UTOS), which runs from Transcontinental Gas Pipeline Company Station No. 44 (Transco Station 44) to the mean highwater mark along the Cameron Parish Coast; (2) install 74,000 horsepower of new compression; (3) construct 0.25 miles of 42-inch pipeline to connect the former UTOS line to the new meter station; and (4) construct 0.6 miles of twin 30-inch pipelines between Transco Station 44 and the new compressor station in Cameron Parrish, Louisiana that comprise the onshore portion of Delfin LNG's proposed deepwater port (DWP), an offshore liquefied natural gas facility located off the coast of Louisiana in the Gulf of Mexico, all as more fully set forth in the application, which is on file with the Commission and open to public inspection. Additionally, Delfin LNG requests a blanket construction certificate under Part 17, Subpart F of the Commission's regulations. This filing may be viewed on the web at http://www.ferc.gov using the''eLibrary'' link. Enter the docket number excluding the last three digits in the docket number field to access the document. For assistance, please contact FERC at FERCOnlineSupport@ferc.gov or call toll-free, (886) 208–3676 or TYY, (202) 502–8659.
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> Delfin LNG's onshore facilities will connect with the DWP facilities that are subject to jurisdiction of the Maritime Authority [sic] (MARAD) and the United States Coast Guard (USCG). Additionally, as part of Delfin LNG's DWP, Delfin LNG proposes to lease a segment of pipeline from High Island Offshore System, LLC (HIOS) that extends from the terminus of the UTOS pipeline offshore. Delfin LNG states in its application that HIOS will submit a separate

application with the Commission seeking authorization to abandon by lease its facilities to Delfin LNG.

Because the review of the DWP proposal is the jurisdiction of MARAD and USCG, the Commission acknowledges Delfin LNG's application in Docket No. CP15–490–000 on May 8, 2015. However, the Commission will not begin processing Delfin LNG's application until such time that MARAD and USCG accept Delfin LNG's DWP application, and HIOS submits an abandonment application with the Commission.

Background

According to the Act, a deepwater port is a fixed or floating manmade structure other than a vessel, or a group of structures, including all components and equipment, including pipelines, pumping or compressor stations, service platforms, buoys, mooring lines, and similar facilities that are proposed as part of a deepwater port, located beyond State seaward boundaries and used or intended for use as a port or terminal for the transportation, storage, and further handling of oil or natural gas for transportation to, or from, any State.[1]

The Secretary of Transportation delegated to the Maritime Administrator authorities related to licensing deepwater ports (49 CFR 1.93(h). Statutory and regulatory requirements for licensing appear in 33 U.S.C. 1501 *et seq.* and 33 CFR Part 148. Under delegations from, and agreements between, the Secretary of Transportation and the Secretary of Homeland Security, applications are jointly processed by MARAD and USCG. Each application is considered on its merits.

In accordance with 33 U.S.C. 1504(f) for all applications, MARAD and the

[1] On December 20, 2012, the Coast Guard and Maritime Transportation Act of 2012 (Title III, Sec. 312) amended Section 3(9)(A) of the Deepwater Port Act of 1974 (33 U.S.C. 1502(9)(A) to insert the words "or from" before the words "any State" in the definition of Deepwater Port. This amendment grants MARAD the authority to license the construction of Deepwater Ports for the export of oil and natural gas from domestic sources within the United States to foreign markets abroad.

USCG, working in cooperation with other Federal agencies and departments considering a DWP application shall comply with the National Environmental Policy Act (NEPA) of 1969 (42 U.S.C. 4321 *et seq*.). The U.S. Environmental Protection Agency (EPA), the U.S. Army Corps of Engineers (USACE), the National Oceanic and Atmospheric Administration (NOAA), the Bureau of Ocean Energy Management (BOEM), the Bureau of Safety and Environmental Enforcement **(**BSEE), and the Pipeline and Hazardous Materials Safety Administration (PHMSA), among others, are cooperating agencies and will assist in the NEPA process as described in 40 CFR 1501.6.; may participate in scoping meeting(s); and will incorporate the Environmental Impact Statement (EIS) into their permitting processes. Comments addressed to the EPA, USACE, or other federal cooperating agencies will be incorporated into the Department of Transportation (DOT) docket and considered as the EIS is developed to ensure consistency with the NEPA process.

All connected actions, permits, approvals and authorizations will be considered in the deepwater port license application review. FERC has jurisdiction over the onshore components of the proposed deepwater port as well as the change in service of the offshore HIOS pipeline. As noted above, these matters will be addressed by FERC through a separate application process. FERC has also noted they cannot participate until such time as HIOS submits a pipeline abandonment application with the Commission. For purposes of the Delfin LNG DWP license application, MARAD and the USCG consider both the DWP application and the FERC application to be included in this review. For your convenience, we have included the Delfin LNG application to FERC under Docket Number USCG-2015-0472.

MARAD, in issuing this Notice of Application pursuant to section 1504(c) of the Act, must designate as an ‘‘Adjacent Coastal State’’ any coastal state which (A) would be directly connected by pipeline to a deepwater port as proposed in an application, or (B) would be located within 15 miles of any such proposed deepwater port (see 33 U.S.C. 1508(a)(1)). On April 30, 2013, MARAD issued a Notice of Policy Clarification advising the public that nautical miles shall be used when determining Adjacent Coastal State status (78 FR 25349). Pursuant to the criteria provided in the Act, Louisiana and Texas are the Adjacent Coastal States for this application. Other states may apply for Adjacent Coastal State status in accordance with 33 U.S.C. 1508(a)(2).

The Act directs that at least one public hearing take place in each Adjacent Coastal State, in this case, Louisiana and Texas. Additional public meetings may be conducted to solicit comments for the environmental analysis to include public scoping meetings, or meetings to discuss the Draft EIS and the Final EIS.

MARAD and USCG will publish additional Federal Register notices with information regarding these public meeting(s) and hearing(s) and other procedural milestones, including the NEPA environmental review. The Maritime Administrator’s decision, and other key documents, will be filed in the public docket.

The Deepwater Port Act imposes a strict timeline for processing an application. When MARAD and USCG determine that an application contains the required information, the Act directs that all public hearings on the application be concluded within 240 days after publication of this Notice of Application.

Within 45 days after the final hearing, the Governor(s) of the Adjacent Coastal State(s), in this case the Governors of Louisiana and Texas, may notify MARAD of their

approval, approval with conditions, or disapproval of the application. MARAD may not issue a license without the explicit or presumptive approval of the Governor(s) of the Adjacent Coastal State(s). During this 45 day time period, the Governor(s) may also notify MARAD of inconsistencies between the application and State programs relating to environmental protection, land and water use, and coastal zone management. In this case, MARAD may condition the license to make it consistent with such state programs (33 U.S.C. 1508(b)(1)). MARAD will not consider written approvals or disapprovals of the application from Governors of Adjacent Coastal States until the 45-day period after the final public hearing.

The Maritime Administrator must render a decision on the application within 90 days after the final hearing.

Should a favorable record of decision be rendered and license be issued, MARAD may include specific conditions related to design, construction, operations, environmental permitting, monitoring and mitigations, and financial responsibilities. If a license is issued, USCG would oversee the review and approval of the deepwater port's Floating Liquefied Natural Gas Vessels (FLNGVs) and in coordination with other agencies as appropriate review of engineering design and construction; operations/security procedures; waterways management and regulated navigation areas; maritime safety and security requirements; risk assessment; and compliance with domestic and international laws and regulations for vessels that may call on the port. The deepwater port would be designed, constructed and operated in accordance with applicable codes and standards.

In addition, installation of pipelines and other structures, such as the Tower Yoke Mooring Systems (TYMSs), may require permits under Section 404 of the Clean Water

Act and Section 10 of the Rivers and Harbors Act, which are administered by USACE.

Permits from the EPA may also be required pursuant to the provisions of the Clean Air Act, as amended, and the Clean Water Act, as amended.

As mentioned above, Delfin LNG has filed an application with FERC for a Certificate of Public Convenience and Necessity for the Delfin LNG Project Onshore Facilities as described in the FERC Federal register notice (80 FR 30266-01). In order to achieve the goals of NEPA, this application to operate onshore facilities is included as a connected action for the proposed deepwater port and the environmental impact of its construction and operation will be included in the MARAD/USCG NEPA review. However, to reiterate, FERC has stated it will not be able to commence processing Delfin LNG's application for the proposed onshore facility until such time as the HIOS abandonment application is filed.

The Department of Energy (DOE) is also a cooperating agency. On February 20, 2014, DOE approved Delfin LNG's application to export LNG by vessel from its proposed deepwater port to Free Trade Agreement (FTA) nations. On November 12, 2013, Delfin LNG applied to the DOE for a long-term multi-contract authorization to export domestically produced LNG to non-FTA nations. Pursuant to DOE's revised procedures for LNG export decisions (79 FR 48132), the DOE will act on applications to export LNG to non-FTA nations only after the NEPA review is completed by the lead Federal agency, in this case the USCG and MARAD.

Summary of the Application

Delfin LNG is proposing to construct, own, and operate a DWP terminal (referred to herein as the Delfin Terminal) in the Gulf of Mexico to liquefy natural gas

for export to FTA and non-FTA nations.

The proposed Project has both onshore and offshore components. The proposed DWP would be located in Federal waters within the Outer Continental Shelf (OCS) West Cameron Area, West Addition Protraction Area (Gulf of Mexico), approximately 37.4 to 40.8 nautical miles (or 43 to 47 statute miles) off the coast of Cameron Parish, Louisiana, in water depths ranging from approximately 64 to 72 feet (19.5 to 21.9 meters). The DWP would consist of four semi-permanently moored FLNGVs located as follows: #1 (29° 8' 13.1" N/93° 32' 2.2" W), #2 (29° 6' 13.6" N/93° 32' 42.4" W, #3 (29° 6' 40.7" N/93° 30' 10.1" W), and #4 (29° 4' 40.9" N / 93° 30' 51.8" W) located in WC 319, 327, 328, and 334 blocks, respectively. It would reuse and repurpose two existing offshore natural gas pipelines: the former U-T Operating System (UTOS) pipeline, and the High Island Operating System (HIOS) pipeline. Four new pipeline laterals connecting the HIOS pipeline to each of the FLNGVs would be constructed. The feed gas would be supplied through these new pipeline laterals to each of the FLNGVs where it would be super cooled to produce LNG. The LNG would be stored onboard the FLNGV and transferred via ship-to-shop transfer to properly certified LNG trading carriers. Each of the FLNGVs would be semi-permanently moored to four new weather-vaning TYMSs.

The onshore components in Cameron Parish, Louisiana consist of engineering, constructing, and operating a new natural gas compressor station, gas supply header and metering station at an existing gas facility. The proposal would require: (1) reactivation of approximately 1.1 miles of existing 42-inch pipeline, formerly owned by UTOS, which runs from Transcontinental Gas Pipeline Company Station No. 44 (Transco Station 44) to the mean high water mark along the Cameron Parish Coast; (2)

installation of 74,000 horsepower of new compression; (3) construction of 0.25 miles of 42-inch pipeline to connect the former UTOS line to the new meter station; and (4) construction of 0.6 miles of twin 30-inch pipelines between Transco Station 44 and the new compressor station.

Onshore pipeline quality natural gas from the interstate grid would be compressed and sent to the existing, but currently idled, 42-inch UTOS pipeline. The gas would be transported through the UTOS pipeline and would bypass the existing manifold platform located at West Cameron (WC) 167 approximately 24.7 nautical miles (28.4 statute miles) offshore in the Gulf of Mexico. The bypass of WC 167 would be a newly installed pipeline segment, 700 feet in length, connecting to the existing 42-inch HIOS pipeline.

The bypass of the WC 167 platform would be trenched so that the top of the pipe is a minimum of 3 feet below the seafloor. From the bypass, the feed gas would then be transported further offshore using the HIOS pipeline portion leased by the Applicant between WC 167 and High Island A264. The existing UTOS and HIOS pipelines transect OCS Lease Blocks WC 314, 318, 319, 327, and 335, and would transport feed gas from onshore to offshore (one-directional flow). Delfin LNG proposes to install four new lateral pipelines along the HIOS pipeline, starting approximately 16.0 nautical miles (18.4 statute miles) south of the WC 167 platform. Each subsea lateral pipeline would be 30 inches in diameter and approximately 6,400 feet in length, extending from the HIOS pipeline to the Delfin Terminal.

The FLNGVs would receive pipeline quality natural gas via the laterals and TYMS where it would be cooled sufficiently to totally condense the gas to produce LNG. The

produced LNG would be stored in International Maritime Organization (IMO) type B, prismatic, independent LNG storage tanks aboard each of the FLNGVs. Each vessel would have a total LNG storage capacity of 165,000 cubic meters (m3).

An offloading mooring system would be provided on each FLNGV to moor an LNG trading carrier side-by-side for cargo transfer of LNG through loading arms or cryogenic hoses using ship-to-ship transfer procedures. LNG carriers would be moored with pilot and tug assist. The FLNGV would be equipped with fenders and quick-release hooks to facilitate mooring operations. The offloading system would be capable of accommodating standard LNG trading carriers with nominal cargo capacities up to 170,000 m3. It is expected that the typical LNG cargo transfer operation would be carried out within 24 hours, including LNG trading carrier berthing, cargo transfer and sail-away.

The FLNGVs would be self-propelled vessels and have the ability to disconnect from the TYMS and set sail to avoid hurricanes or to facilitate required inspections, maintenance, and repairs.

In the nominal design case, each of the four FLNGVs would process approximately 330 million standard cubic feet per day (MMscfd), which would total 1.32 billion standard cubic feet per day (Bscf/d) of input feed gas for all four of the FLNGVs. Based on an estimated availability of 92 percent and allowance for consumption of feed gas during the liquefaction process, each FLNGV would produce approximately 97.5 billion standard cubic feet per year (Bscf/y) of gas (or approximately 2.0 million metric tonnes per annum (MMtpa)) for export in the form of LNG. Together, the four FLNGVs are designed to have the capability to export 390.1 Bscf/y of gas (or approximately 8.0

MMtpa) in the form of LNG.

As detailed engineering and equipment specification advances during the design process, and operating efficiencies are gained post-commissioning, the liquefaction process could perform better than this nominal design case. It is therefore anticipated that LNG output, based on the high-side design case of 375 MMscfd of input feed gas, would be as much as approximately 110.8 Bscf/y of gas (or approximately 2.3 MMtpa) for each FLNGV. Taken together, the four FLNGVs would be capable of exporting the equivalent of 443.3 Bscf/y of natural gas in the form of LNG. Therefore, Delfin LNG is requesting authorization to construct and operate facilities capable of exporting up to 443.3 Bscf/y of natural gas in the form of LNG (which equates to approximately 9.2 MMtpa).

The proposed Project would take a modular implementation approach to allow for early market entry and accommodate market shifts. Offshore construction activities are proposed to begin first quarter (Q1) of 2018 and would be completed in four stages. Each stage corresponds to the commissioning and operation of an FLNGV. The anticipated commissioning of FLNGV 1 is Q3 of 2019 with start-up of commercial operation of FLNGV 1 by the end of 2019. It is anticipated that FLNGVs 2 through 4 would be commissioned 12 months apart. The Delfin Terminal would be completed and all four FLNGVs would be fully operational by the summer of 2022.

Privacy Act

The electronic form of all comments received into the Federal Docket Management System can be searched by the name of the individual submitting the comment (or signing the comment, if submitted on behalf of an association, business,

labor union, etc.). The DOT Privacy Act Statement can be viewed in the Federal Register published on April 11, 2000 (Volume 65, Number 70, pages 19477-78) or by visiting *http://www.regulations.gov*.

(Authority: 33. U.S.C. 1501, et seq.; 49 CFR 1.93(h))

Dated: July 13, 2015.

By Order of the Maritime Administrator.

T. Mitchell Hudson, Jr.,
Secretary, Maritime Administration.
[FR Doc. 2015-17465 Filed: 7/15/2015 08:45 am; Publication Date: 7/16/2015]